

**VELOGIC HOLDING COMPANY LIMITED  
AND ITS SUBSIDIARIES**

ANNUAL REPORT - YEAR ENDED

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JUNE 30, 2018

## VELOGIC HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES

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STATUTORY DISCLOSURES - YEAR ENDED JUNE 30, 2018

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Dear Shareholders,

The Board of Directors is pleased to present the Annual Report of Velogic Holding Company Limited and its subsidiaries for the year ended June 30, 2018.

All shareholders agree that the Annual Report need not comply with paragraphs (a), and (d) to (i) of Section 221 (1) of the Companies Act 2001.

This report was approved by the Board of Directors on .....

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

Date: 23 October 2018

**PROFILE OF DIRECTORS****1. ESPITALIER-NOËL, PHILIPPE****CHAIRMAN AND NON-EXECUTIVE DIRECTOR***(Born in 1965)**Date of Appointment - September 30, 2004**Qualifications*

- BSc in Agricultural Economics (University of Natal, South Africa);
- MBA (London Business School).

*Professional Journey*

- Worked for CSC Index in London as Management Consultant from 1994 to 1997;
- Joined Rogers in 1997;
- Was appointed Chief Executive Officer of the Rogers Group in 2007.

*Skills*

- Proven experience of mergers and acquisitions, business turnaround and transformation;
- Extensive expertise with strategy development and execution;
- Inspiring leadership with senior management in the Group's four served markets, FinTech, Hospitality, Logistics and Property;
- Well versed in Corporate Governance.

**2. KHADY KONE-DICOH****NON-EXECUTIVE DIRECTOR***(Born in 1981)**Date of Appointment: December 17, 2013**Qualifications*

- MSc in management from EMLYON;
- Master degree in business & corporate law from University Jean Moulin Lyon III.

*Professional journey*

- 7 years with Société Générale Bank as Manager in the Mergers & Acquisitions department dedicated to Emerging markets and French Midcaps where she originated and executed various buy-side and sell-side M&A transactions and Privatizations in Africa and France;
- Joined the private equity fund Amethis Finance in February 2013 and was appointed Investment Director.

*Skills*

- Strong managerial, accounting, legal and financial skills;
- Significant experience in the Strategic, business development and commercial field;
- Well versed in Corporate Governance.

**3. ESPITALIER-NOËL, GILBERT****NON-EXECUTIVE DIRECTOR***(Born in 1964)**Date of Appointment: July 18, 2011**Qualifications*

- BSc (University of Cape Town, South Africa);
- BSc (Hons) (Louisiana State University, USA);
- MBA (INSEAD Fontainebleau, France).

*Professional Journey*

- Joined Food and Allied Group in 1990 and was appointed Group Operations Director in 2000;
- Joined the ENL Group in February 2007;
- Was Chief Executive of ENL Property Ltd;
- Currently CEO of New Mauritius Hotels Ltd.

*Skills*

- Detailed knowledge of the Group;
- Broad experience in the hospitality sector;
- Past President of various private sector institutions, including MCCI, JEC;
- Experienced non-executive director in several sectors;
- Significant M&A experience locally and regionally;
- Well versed in Corporate Governance.

**4. MAMET DAMIEN****NON - EXECUTIVE DIRECTOR***(Born in 1977)**Date of Appointment: April 28, 2017**Qualifications*

Member of the Institute of Chartered Accountants in England &amp; Wales

*Professional Journey*

- Started his career with Ernst & Young in London in 1999;
- In 2003, he moved to BDO De Chazal Du Mée (Mauritius);
- In 2006, he was appointed Manager of Corporate Finance of PricewaterhouseCoopers;
- Joined Rogers Group where he was appointed Managing Director of Foresite Property Fund Management Ltd in 2009 and was appointed Chief Projects & Development Executive of Rogers in 2014;
- He was appointed Chief Finance Executive of Rogers in 2017.

*Skills*

- Detailed knowledge of the Company's activities and business having previously occupied the position of Fund Manager;
- Strategic and commercial understanding;
- Team management skills;
- Well versed in Corporate Governance.

**5. NUNKOO, NAYENDRANATH****EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER***(Born in 1969)**Date of Appointment:* June 21, 2011*Qualifications*

- MBA majoring in Finance;
- MSc in Engineering.

*Professional Journey*

- Joined Rogers Group in 1993 and worked in various positions, namely in the Service Planning & Development department, the Aviation and Logistics sectors, Enterprise Information Solutions;
- Corporate Manager - Strategic Planning at the Head Office of Rogers and Company Limited.

*Skills*

- Significant experience in the logistics and engineering sector both locally, regionally and in the African market;
- Broad experience in the strategic and business development field;
- Strong managerial and financial skills.

**6. RIGOUZZO LUC****NON-EXECUTIVE DIRECTOR***(Born in 1963)**Date of Appointment:* December 17, 2013*Qualifications*

- holds degrees in both Agronomy and Finance

*Professional Journey*

- devoted the first 14 years of his career to project finance in the agribusiness and food sectors of emerging countries at Agence Française de Développement and Proparco field offices and Headquarters;
- join the Agribusiness Department of the International Finance Corporation, financing projects in Latin America and Africa
- re-joined the Agence Française de Développement Group in 2000 as deputy director for the Mediterranean department and head of the department of non-sovereign, private and financial sector successively;
- appointed as Chief of Staff for the French Ministry for Development
- Co-founded and Managing Partner of Amethis;
- From June 2006 to December 2010, the CEO of Proparco, the French Development Financial Institution specialized in long-term sustainable investments to the private sector in emerging countries;
- Over 30 years of experience in investing in emerging market companies.

**6. RIGOUZZO LUC (CONT'D)***Skills*

- Broad experience in the agronomy and hospitality sector;
- Significant experience in the strategic, sustainable development and business development fields in the emerging market;
- Strong accounting, risk management, managerial and financial skills;
- Well versed in Corporate Governance.

**PROFILE OF SENIOR MANAGEMENT****SANGEELEE, Naveen**

Born in 1968, Naveen is a Fellow of the Association of Chartered Certified Accountants and a Member of the Institute of Chartered Management Accountants as well as the Institute of Chartered Accountants of England & Wales. He also holds an MBA – Finance and a BSc (Hons) in Economics and Computing. Naveen, who joined Velogic in 2009, has a rich accounting and finance experience at international level, having worked for a number of years in the United Kingdom for United Parcel Service Inc. and Warner Brothers Entertainment Group. He joined Velogic Ltd, the logistics arm of Rogers and Company Limited in November 2009 as Business Process Manager and was appointed Chief Finance Officer of Velogic Ltd, effective since May 2011.

**DE COMARMOND Louis Marie Maurice André**

Born in 1962, he started his career with De Chazal Du Mée & Co. He then moved to Indian Ocean Export Company Ltd as Sales Manager in 1989. He subsequently joined Mauritius Freeport Development Company Ltd as Sales & Marketing Director before taking employment at Société Du Port as Sales & Marketing Manager in May 2007. André promoted to Country Manager Société Du Port in April 2008 and was appointed Country Manager Velogic – Mauritius in February 2010. In July 2011 he became the Regional Manager, looking after the activities of Velogic based in Mauritius, Madagascar, Reunion Island and Mozambique. In March 2017, he has been appointed Managing Director Indian Ocean.

**STATEMENT OF COMPLIANCE**  
(Section 75 (3) of the Financial Reporting Act)

**Name of PIE: VELOGIC HOLDING COMPANY LIMITED**

**Reporting Period: July 1, 2017 to June 30, 2018**

We, the Directors of Velogic Holding Company Limited, confirm that to the best of our knowledge:

- Velogic Holding Company Limited ("VHCL") is a subsidiary of Rogers and Company Limited ("RCL");
- Throughout the year ended June 30, 2018, VHCL has complied with the Corporate Governance Code for Mauritius (2016);
- VHCL has applied all of the principles set out in the Code and explained how these principles have been applied.

**SIGNED BY:**

Signature: Philippe Espitalier-Noël Nayan Deenath Nunkoo

Names:    
CHAIRPERSON DIRECTOR

DATE: 23 October 2018 .....



## CORPORATE GOVERNANCE REPORT – YEAR ENDED JUNE 30, 2018

**1 COMPLIANCE STATEMENT**

Velogic Holding Company Limited ('VHCL' or the 'Company'), being a public interest entity (PIE), is required to adopt corporate governance principles in accordance with the National Code of Corporate Governance (2016) (the 'Code').

Throughout the year ended 30 June 2018, to the best of the Board's knowledge, VHCL has complied with the Code. It has applied all the principles of the Code and explained how these principles have been applied.

**2 GOVERNANCE STRUCTURE****2.1 The Board**

VHCL is headed by a unitary board comprising of 6 directors with the right balance of gender and skills, experience, and knowledge of the Company and its activities to enable them to discharge their respective duties and responsibilities effectively.

The Board is responsible for the approval, monitoring and review processes thereof.

The Directors' profiles, categories, biographies and their respective full directorship lists are set out on pages 2 to 2(c) of the Annual Report and on the Company's website: <https://www.velogic.net/>

The Board's balance of skills can be illustrated as follows:



■ ACCOUNTING

■ RISK & AUDIT

■ PROPERTY DEVELOPMENT

■ ENTREPRENEURIAL

■ ENGINEERING

■ AGRONOMY

■ HOSPITALITY

■ BUSINESS DEVELOPMENT SKILLS

■ LEGAL SKILLS

■ STRATEGIC DIMENSION

■ SUSTAINABLE DEVELOPMENT

■ CORPORATE GOVERNANCE

■ FINANCE SKILLS

■ COMMUNICATION

■ LOGISTICS MANAGEMENT

■ LEADERSHIP

The Board assumes responsibility for leading and controlling the organisation and meeting all legal and regulatory requirements.

The Board considers that, given the sophistication of the activities of the Company, an in-depth knowledge of the Company and its activities by the current directors is at least as important as the requirement of having independent Directors.

Taking this into account, the Company consolidated its executive presence on the Board with the appointment of Mr. Naveen Sangeelee in September 2018. Nevertheless, the Company is also contemplating the appointment of at least 1 independent director in the near future.

## CORPORATE GOVERNANCE REPORT – YEAR ENDED JUNE 30, 2018

**2.1 The Board (cont'd)**

Except for Mrs. Khady Kone-Dicoh and Mr. Luc Rigouzzo, all the directors reside in Mauritius.

Directors' attendance at board meetings during the financial year ended June 30, 2018 was as follows:

	06 OCT-17	21 FEB-18	13 JUN-18	
ESPITALIER-NOËL Philippe	1	1	1	3/3
KONE-DICOH Khady-Lika	X	1	1	2/3
MAMET Damien	1	1	1	3/3
ESPITALIER-NOËL Gilbert	X	1	1	2/3
RIGOUZZO Luc	1	1	1	3/3
NUNKOO Nayendranath	1	1	1	3/3

With respect to the implementation of the Code, the following documents which have been approved by the Board, can be consulted in the Corporate Governance section of our website: <https://www.velogic.net/>

- Constitution
- Organisational chart
- Directors' Biographies
- Position statements of key senior governance positions
- Code of Ethics which has been approved by the Board of the Parent Company Rogers and Company Limited and posted on its Website: [www.rogers.mu](http://www.rogers.mu)

With regard to the Board Charter, the Board is of the view that its content is already found in the Company's constitution and the prevailing legislation, rules and regulations. The Board has consequently resolved not to adopt a charter for the financial year ending June 30, 2018.

**2.2 Statement of Accountabilities**

The directors are equally accountable to the shareholders for the proper stewardship of the Company's affairs; whilst ensuring that the Company takes into account the wider community of interests represented by other stakeholders.

**2.3 Board committees**

The Risk Management & Audit Committee and Corporate Governance Committee matters are overseen by the Board Committees of Rogers and Company Limited. Matters arising are communicated to the Board and decisions taken accordingly.

The Terms of Reference of the Board Committees can be accessed on Rogers and Company Limited website: <https://www.rogers.mu/>

#### 2.4 Appointment, induction and professional development

The Board assumes the responsibilities for succession planning and for the appointment and induction of new directors to the Board.

The Company's formal, rigorous and transparent procedures for planning the succession of key officeholders and for their election, induction, professional development and re-election are consistent with that of its parent company, Rogers and Company Ltd: [www.rogers.mu](http://www.rogers.mu)

All new directors attend and participate in an induction and orientation process.

The Board usually reviews the professional development and ongoing education of directors. On 28 February 2018, some of the directors of the Company attended a training workshop facilitated by Dr. Chris Pierce on the Code.

### 3 DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE

The directors are aware of their legal duties and may seek independent professional or legal advice, at the expense of the Company, in respect of any aspect of their duties and responsibilities.

#### 3.1 Interests of directors and conflicts of interest

VHCL applies the procedures set up by its parent company pertaining to related-party transactions.

The Company Secretary maintains an interests' register which is available for consultation to shareholders, upon written request to the Company Secretary.

#### 3.2 Information, information technology and information security policy

With the coming into force of the Data Protection Act 2017 in January 2018, the Company has endeavoured to reinforce the safety and security measures in place to protect the data it collects, stores and processes. It has thus adopted the following documents, which may be consulted on its website:

- A Data Protection Policy, which summarises the principles which will be applied by the Company when processing data ([www.rogers.mu](http://www.rogers.mu)); and
- A Data Protection Notice, which explains in detail to data subjects the purpose for and manner in which the Company processes data, as well as the rights of data subjects relating to same ([www.rogers.mu](http://www.rogers.mu)).

The Company has also adopted a Data Protection Compliance Manual, which sets out in detail all the measures which have been or are being put in place regarding security of data. Regular audits will be carried out to ensure compliance with the said Manual.

#### 3.3 Board evaluation

The Board resolved that no board evaluation be conducted for the financial year ended June 30, 2018.

## CORPORATE GOVERNANCE REPORT – YEAR ENDED JUNE 30, 2018

**3.4 Board evaluation (cont'd)**

The Company envisages to carry out a more in-depth evaluation of its own performance but also that of the individual directors and produce a development plan.

The Board is contemplating an evaluation carried out by an external facilitator in the current of the financial year ending June 30, 2019.

**3.5 Directors' remuneration**

As a principle, the Executive and Non-Executive Directors of the Company who are employed by either the Rogers Group, the ENL Group or Amethis Africa Finance Ltd are not entitled to any directors' fees. The non-executive directors have not received any remuneration in the form of share options or bonuses associated with the performance of the Company.

**4 RISK GOVERNANCE AND INTERNAL CONTROL**

The Risk Governance and Internal Control structure have been established at the level of the parent company.

The Head of Internal Audit & Risk Management of Rogers and Company Limited effects regular assessments of the internal control system both at Group level structure and the level of the Company. Periodical reports that analyse are communicated to the RMAC of the parent company and to VHCL's Board.

**5 RELATIONS WITH SHAREHOLDERS AND OTHER STAKEHOLDERS**

The shareholding structure of the Company as at June 30, 2018 is as follows:

**Common Directorship:**

	The Company	RCL	AAF
Espitalier-Noël, Philippe	✓	✓	X
Espitalier-Noël, Gilbert	✓	✓	X
Kone-Dicoh, Khady- Lika	✓	X	X
Mamet, Damien	✓	✓	X
Nunkoo, Nayendranath	✓	X	X
Rigouzzo, Luc	✓	X	✓

## 5 RELATIONS WITH SHAREHOLDERS AND OTHER STAKEHOLDERS (CONT'D)

Pursuant to Article 15 of the Constitution, Amethis Africa Finance Ltd (AAF) is entitled to appoint 2 (two) Directors on the Board and Rogers and Company Limited is entitled to appoint five (5) Directors on the Board. Consequently, both shareholders are represented at the level of Board; hence, appropriate dialogue already takes place among the Company and its shareholders. VHCL has no minority shareholders.

The Annual Report shall be published in full on the Company's website [www.velogic.net](http://www.velogic.net)

## 6 CORPORATE AND SOCIAL RESPONSIBILITIES

Corporate responsibility is integral to our business success. We are committed to operating in a way that is financially, socially and environmentally responsible.

- Environmental projects in the pipeline for the Company:
  - Waste Recycling projects (used oil / Paper / Palettes)
- Social Projects:
  - Community Garden
  - Literacy for the vulnerable
- Contribution to CSR for the period ended June 2018:
 

- Remitted to MRA (50% minimum payable)	Rs 953,221
- Contribution to Rogers Foundation (100%)	Rs 857,017
- CSR projects for year ended 30 June 2018	Rs 170,433

## 7 RISK GOVERNANCE

The board of directors is responsible for the governance of risks of the Velogic Group (Holding Company and subsidiary companies) and for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The Board is committed to continuously maintain adequate control procedures with a view to safeguarding the assets and reputation of the Company. Areas with high residual risks are continuously assessed and reviewed with the assistance of the internal audit department.

Management is accountable to the Board for the design, implementation and enforcement of internal controls, ensuring that the associated processes and systems are operating satisfactorily. The Board derives assurance that the internal control systems are effective through these lines of defence:

- (i) People, Process and Technology;
- (ii) Management and Oversight;
- (iii) Internal Audit; and
- (iv) External Auditors and Specialist Consultant(s).

The Risk Management and Audit Committee ('RMAC') of the parent company (Rogers and Company Ltd- 'Rogers') and the Board of Velogic monitor the effectiveness of risk management and internal control systems.

## 7 RISK GOVERNANCE (CONT'D)

The RMAC and the Board perform an oversight role to ensure that risks are managed effectively. Significant issues including financial risks, critical policies, judgements and estimates are reviewed and discussed at RMAC level with the external auditors. The appropriate financial reporting procedures are in place and are operating.

Monitoring of the effectiveness of risk management and internal control systems includes:

- A clear system of delegated authorities from the Board to management with certain important matters remaining with the Board;
- Regular review of results against budgets with executive directors and management, including important areas of business risk;
- Review of the strategic plans to identify risks to the achievement of objectives and, where appropriate, any relevant mitigating actions; and
- Legal and regulatory compliance risks which are addressed through specific policies and training including ethics and data protection laws.

All significant areas of risks were covered by internal controls and there were no major risks or deficiencies in Velogic's system of internal controls.

The existing group malpractice reporting policy sets out the process whereby information relating to questionable practices within the group is disclosed in good faith by employees. Employees are encouraged to raise such questionable practices to their direct reporting manager or Group Chief Human Resources Executive at Rogers. The latter will consequently report to the Group CEO who will approve any required investigations.

### 7.1 Risk Management Process

The risk management process is clearly defined, well-established and embedded in our day-to-day activities.

#### Identification, analysis and evaluation of risks

Risks are identified, analysed and evaluated in light of the probability of occurrence and their likely impact as follows:

- Through regular management meetings whereby emerging/new and other operational and compliance risks are identified as well as activities and processes that gave rise to the risks;
- During audits carried out by internal and external auditors or appointed specialist consultants;
- Financial and strategic risks are identified at time of preparation of the annual budget and three-year strategic plan; and
- Self-assessment exercise performed by management.

#### Treatment, monitoring and reporting

- Management devised appropriate mitigating strategies in light of the business model and set their risk appetite. Options available are discussed, evaluated and consequently, the Business Risk Register is updated and reviewed. Implementation of remedial actions is performed and monitored.
- Legal and regulatory compliance risks which are addressed through specific policies and training including ethics and data protection laws;
- Principal risks are reported by management to the Group CEO of Rogers, to the board of directors and to the RMAC.

7.2 Principal Risks

The principal risks and their corresponding mitigating actions identified were as follows:

Risks	Descriptions and context	Mitigating actions
<b>Strategic risks</b>		
<b>Political</b>	<ul style="list-style-type: none"> <li>Impact of Standard Gauge Railway in Kenya on the transport activity.</li> <li>Adverse Brexit outcome for GBP which impacts on the sugar packing activity.</li> </ul>	<ul style="list-style-type: none"> <li>Fleet reorganisation to tap into new business opportunities around SGR.</li> <li>Broadening the client base in other geographies.</li> </ul>
<b>Projects, strategic partnership and acquisition</b>	<ul style="list-style-type: none"> <li>Inadequate due diligence/feasibility study on acquisitions and project development.</li> <li>Inefficient or ineffective alliance with strategic partner. Inadequate information on strategic partner at time of alliance.</li> <li>Lack of information on legal &amp; regulatory framework and/or political situation in targeted countries.</li> </ul>	<ul style="list-style-type: none"> <li>Getting the right people to manage businesses.</li> <li>Performing project appraisals and Board approval required for any investment decisions/acquisitions.</li> <li>Partnering with known parties with proper agreements being drawn up.</li> </ul>
<b>Financial risks</b>		
<b>Liquidity and Credit</b>	<ul style="list-style-type: none"> <li>Delay in receiving money from debtors.</li> <li>Inability to meet obligations.</li> <li>Lack of credit insurance for companies in Africa.</li> </ul>	<ul style="list-style-type: none"> <li>Regular sales, debtors and credit committee meetings are held.</li> <li>Separate working capital for each country.</li> <li>Credit vetting from Mauritius for larger customers in foreign entities.</li> <li>Communication and implementation of best practices in foreign entities.</li> <li>Effective treasury management for intercompany settlements.</li> <li>Credit insurance is taken locally and internationally and having recourse to attorneys and debt collectors.</li> </ul>
<b>Foreign Exchange</b>	<ul style="list-style-type: none"> <li>Adverse movements in prices due to volatility of exchange rates.</li> </ul>	<ul style="list-style-type: none"> <li>Avoid conversion in another currency to mitigate foreign exchange losses.</li> <li>Use of hedging instruments such as currency forwards.</li> </ul>
<b>Financial Sustainability</b>	<ul style="list-style-type: none"> <li>Impact of further decline in sugar volumes in Mauritius on the transport activity.</li> </ul>	<ul style="list-style-type: none"> <li>Taking advantage of any consolidation.</li> </ul>

## 7.2 Principal Risks (cont'd)

Risks	Descriptions and context	Mitigating actions
<b>Operational risks</b>		
<b>Skills attraction, performance and retention</b>	<ul style="list-style-type: none"> <li>Lack of suitable employees and/or due to loss of key personnel to support growth, which can be more critical for overseas operations.</li> <li>No retention strategies in place for key personnel.</li> <li>Remuneration not aligned with the market resulting in low staff engagement</li> </ul>	<ul style="list-style-type: none"> <li>Succession planning for key positions.</li> <li>Talent spotting within the group.</li> <li>Appraisal process and performance related bonus for employees.</li> <li>Training programmes and placement in overseas entities.</li> </ul>
<b>Business Continuity</b>	<ul style="list-style-type: none"> <li>Breakdown of operations due to unforeseen major events and lack of proper Business Continuity Plan.</li> <li>Social/political instability in Africa can impact on the operations of the organisation.</li> </ul> <p><u>Health &amp; Safety</u></p> <ul style="list-style-type: none"> <li>Failure to provide a safe working environment for its workers exposes the company to liabilities such as compensation, loss of business, reputation and other costs.</li> </ul>	<ul style="list-style-type: none"> <li>Development of a comprehensive Business Continuity Plan is in process and will include: <ul style="list-style-type: none"> <li>Safeguarding of data and servers for critical activities in all locations.</li> <li>Risks and impact analysis for critical activities is in process.</li> </ul> </li> <li>Ensure adherence to the continuity &amp; recovery plans and training of recovery teams on Health &amp; Safety.</li> <li>Strict adherence to policies &amp; procedures.</li> <li>Regular monitoring and reporting on health and safety issues.</li> <li>Appointment of Health &amp; Safety officer/ consultant in other countries</li> </ul>
<b>Compliance risks</b>		
<b>Regulatory and internal compliance</b>	<ul style="list-style-type: none"> <li>Inadequate compliance and risk culture.</li> <li>Lack of knowledge of laws, rules and regulations.</li> </ul>	<ul style="list-style-type: none"> <li>Appropriate compliance resources.</li> <li>Defined and updated regulatory policies and procedures.</li> <li>Active dialogue with regulators and industry bodies.</li> </ul>

## 8 AUDIT

## 8.1 Internal Audit

Internal audit function, which is outsourced to Rogers, reports directly to the RMAC and ensures adherence of processes and controls to the Rogers Guidelines & Policies Manual. One of the responsibilities of the internal audit function is to confirm to the RMAC the effective operation of its internal control system. For this purpose, the Head of Internal Audit & Risk Management makes quarterly presentations to the RMAC and meets regularly with the Chairman of the RMAC without the presence of management. The internal audit team also reports to the board of directors of Velogic following audits carried out. Risk based audits carried out during the financial year were in line with the established audit methodology and covered the following areas:



**8.1 Internal Audit (cont'd)**

- Invoicing process- Revenue.
- Safeguarding of assets.
- Inventories process.
- Credit risk - Debtors management.
- Cash collection, Banking and payments process.
- Other receivables and payables process.

**8.2 Audit plan and department**

Internal audit plan is prepared using a risk-based approach which includes the changes in risk profiles and emerging risks. The plan is set for three years and is reviewed and approved by the RMAC on an annual basis to incorporate the changing risk landscape. Members of the internal audit team are qualified or partly qualified accountants. The structure and qualifications of the key members of the Risk & Audit Department is detailed on the Rogers' website.

There were no major limitations or restrictions in the audit scope, access to records, management and employees.

No material shortcomings in the design and effectiveness of internal controls, governance and risk management were reported during the year.

**8.3 External auditors**

Assessment of the effectiveness of the external audit process was performed through discussion and meetings with the external auditors. Re-appointment of the external auditors is approved at the Annual Meeting of Shareholders.

**8.4 Non-audit services**

For the year under review, there were no non-audit services rendered by the external auditor, BDO & Co.

STATEMENT OF DIRECTORS' RESPONSIBILITIES – YEAR ENDED JUNE 30, 2018

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The Directors acknowledge their responsibilities for:

- (i) adequate accounting records and maintenance of effective internal control systems;
- (ii) the preparation of financial statements which fairly present the state of affairs of the Group and the Company as at the end of the financial year and the results of its operations and cash flows for that year and which comply with International Financial Reporting Standards (IFRS);
- (iii) the selection of appropriate accounting policies supported by reasonable and prudent judgments.

The external auditors are responsible for reporting on whether the financial statements are fairly presented.

The Directors report that for the financial year ended June 30, 2018:

- (i) adequate accounting records and an effective system of internal controls and risks management have been maintained;
- (ii) appropriate accounting policies supported by reasonable and prudent judgments and estimates have been used consistently;
- (iii) International Financial Reporting standards have been adhered to;
- (iv) the Code of Corporate Governance has been adhered to. Reasons have been provided where there has not been compliance.

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

Date: 23 October 2018

SECRETARY CERTIFICATE - YEAR ENDED JUNE 30, 2018

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In my capacity as Company Secretary of Velogic Holding Company Limited ('the Company'), I hereby confirm that, to the best of my knowledge and belief, the Company has filed with the Registrar of Companies, for the financial year ended June 30, 2018, all such returns as are required of the Company under the Companies Act 2001.



Company Secretary:

Date: 23 October 2018

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## VELOGIC HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES

6

### INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Velogic Holding Company Limited

#### Report on the audit of the Financial Statements

##### Opinion

We have audited the consolidated financial statements of Velogic Holding Company Limited and its subsidiaries (the Group), and Velogic Holding Company Limited's separate financial statements (the "Company") on pages 7 to 72 which comprise the statements of financial position as at June 30, 2018, and the statements of profit or loss, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 7 to 72 give a true and fair view of the financial position of the Group and of the Company as at June 30, 2018, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

##### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.



## VELOGIC HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES

6(a)

### INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the Shareholders of Velogic Holding Company Limited

#### **Responsibilities of Directors and Those Charged with Governance for the Financial Statements (Cont'd)**

In preparing the financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

**VELOGIC HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

6(b)

**INDEPENDENT AUDITOR'S REPORT (CONT'D)**

To the Shareholders of Velogic Holding Company Limited

**Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)**

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Report on Other Legal and Regulatory Requirements**

*Companies Act 2001*

We have no relationship with, or interests in, the Company or any of its subsidiaries, other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

*Financial Reporting Act 2004*

The Directors are responsible for preparing the corporate governance report. Our responsibility is to report the extent of compliance with the Code of Corporate Governance as disclosed in the annual report and on whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosure in the annual report is consistent with the requirements of the Code.

**Other Matter**

This report is made solely to the members of Velogic Holding Company Limited, as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**BDO & CO**  
Chartered Accountants

Port Louis,  
Mauritius.  
23 OCT 2018

**Per Georges Chung Ming Kan, F.C.C.A**  
Licensed by FRC

## STATEMENTS OF FINANCIAL POSITION - JUNE 30, 2018

	Notes	THE GROUP		THE COMPANY	
		2018	2017	2018	2017
		Rs'000	Rs'000	Rs'000	Rs'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	893,622	948,095	-	-
Investment property	6	22,542	21,995	-	-
Intangible assets	7	642,539	622,161	-	-
Investment in subsidiaries	8	-	-	857,857	780,008
Available-for-sale financial assets	10	9,288	9,288	-	-
Deferred tax assets	11	11,885	8,799	-	-
		<u>1,579,876</u>	<u>1,610,338</u>	<u>857,857</u>	<u>780,008</u>
<b>Current assets</b>					
Inventories	12	59,859	53,179	-	-
Trade and other receivables	13	1,088,439	1,066,576	267,252	322,993
Current tax assets	14(a)	26,700	12,526	-	-
Cash and cash equivalents	26(c)	207,926	243,915	1,013	961
		<u>1,382,924</u>	<u>1,376,196</u>	<u>268,265</u>	<u>323,954</u>
Non-current assets classified as held for sale	28(d)	6,038	-	-	-
<b>Total assets</b>		<u>2,968,838</u>	<u>2,986,534</u>	<u>1,126,122</u>	<u>1,103,962</u>
<b>FINANCED BY</b>					
<b>Capital and reserves</b>					
Share capital	15	1,019,294	1,019,294	1,019,294	1,019,294
Other reserves	16	184,920	207,785	-	-
Retained earnings		230,437	190,537	29,146	13,303
Owners' interest		<u>1,434,651</u>	<u>1,417,616</u>	<u>1,048,440</u>	<u>1,032,597</u>
Non-controlling interests		138,629	139,131	-	-
<b>Total equity</b>		<u>1,573,280</u>	<u>1,556,747</u>	<u>1,048,440</u>	<u>1,032,597</u>
<b>Non-current liabilities</b>					
Borrowings	17	351,287	377,962	-	-
Deferred tax liabilities	11	56,928	50,842	-	-
Retirement benefits obligations	18	72,277	58,399	-	-
		<u>480,492</u>	<u>487,203</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>					
Trade and other payables	19	622,544	707,396	843	344
Current tax liabilities	14(a)	7,722	14,356	146	28
Borrowings	17	263,140	199,185	61,193	52,493
Dividend payable		17,115	21,647	15,500	18,500
		<u>910,521</u>	<u>942,584</u>	<u>77,682</u>	<u>71,365</u>
Liabilities directly associated with non-current assets classified as held-for-sale	28(d)	4,545	-	-	-
<b>Total liabilities</b>		<u>1,395,558</u>	<u>1,429,787</u>	<u>77,682</u>	<u>71,365</u>
<b>Total equity and liabilities</b>		<u>2,968,838</u>	<u>2,986,534</u>	<u>1,126,122</u>	<u>1,103,962</u>

These financial statements have been approved by the Board of Directors on: 23 October 2018

  
Signature  
Philippe Espitalier-Noël  
Name of Director

  
Signature  
N. NUNAN  
Name of Director

The notes on pages 13 to 72 form an integral part of these financial statements.  
Auditor's report on pages 6 to 6(b).

## STATEMENTS OF PROFIT OR LOSS - YEAR ENDED JUNE 30, 2018

	Notes	THE GROUP		THE COMPANY	
		2018	2017	2018	2017
		Rs'000	Rs'000	Rs'000	Rs'000
<b>Continuing operations</b>					
<b>TOTAL REVENUE</b>	20	<b>3,304,808</b>	<b>3,254,880</b>	<b>65,981</b>	<b>35,644</b>
Sales of services		3,246,237	3,200,805	-	-
Cost of sales	21	(2,218,593)	(2,173,667)	-	-
Gross profit		1,027,644	1,027,138	-	-
Commission and other income		56,209	50,999	-	-
Dividend and interest income		2,362	3,076	65,981	35,644
		<b>1,086,215</b>	<b>1,081,213</b>	<b>65,981</b>	<b>35,644</b>
Employee benefit expense	22	(577,904)	(551,414)	-	-
Depreciation	5(f)	(100,475)	(100,921)	-	-
Amortisation	7	(4,210)	(3,842)	-	-
Other expenses	21	(250,903)	(242,039)	(944)	(331)
		<b>152,723</b>	<b>182,997</b>	<b>65,037</b>	<b>35,313</b>
Finance costs	23	(2,091)	(27,660)	(550)	(18)
		<b>150,632</b>	<b>155,337</b>	<b>64,487</b>	<b>35,295</b>
Taxation	14(b)	(38,437)	(35,920)	(144)	(101)
<b>Profit for the year from continuing operations</b>		<b>112,195</b>	<b>119,417</b>	<b>64,343</b>	<b>35,194</b>
<b>Discontinuing operations</b>					
Loss from discontinuing operations	28(b)	(8,618)	(6,116)	-	-
<b>Profit for the year</b>		<b>103,577</b>	<b>113,301</b>	<b>64,343</b>	<b>35,194</b>
<b>Profit attributable to:</b>					
Owners of the parent		88,400	93,328	64,343	35,194
Non-controlling interests		15,177	19,973	-	-
		<b>103,577</b>	<b>113,301</b>	<b>64,343</b>	<b>35,194</b>

The notes on pages 13 to 72 form an integral part of these financial statements.

Auditor's report on pages 6 to 6(b).



STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME -  
YEAR ENDED JUNE 30, 2018

	Notes	THE GROUP		THE COMPANY	
		2018	2017	2018	2017
		Rs'000	Rs'000	Rs'000	Rs'000
<b>Profit for the year</b>		<b>103,577</b>	113,301	<b>64,343</b>	35,194
<b>Other comprehensive income:</b>					
<u>Items that will not be reclassified to profit or loss:</u>					
Remeasurement of post employment benefit obligations	18	(10,299)	5,261	-	-
Gain on revaluation of buildings	5	-	29,684	-	-
Income tax relating to components of other comprehensive income	11(b)	(1,493)	(3,697)	-	-
<u>Items that may be reclassified subsequently to profit or loss:</u>					
Changes in fair value of available-for-sale financial assets	10	-	(15,853)	-	-
Currency translation differences		(8,143)	(8,306)	-	-
<b>Other comprehensive income for the year, net of tax</b>		<b>(19,935)</b>	7,089	-	-
<b>Total comprehensive income for the year</b>		<b>83,642</b>	120,390	<b>64,343</b>	35,194
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		65,535	113,255	64,343	35,194
Non-controlling interests		18,107	7,135	-	-
		<b>83,642</b>	120,390	<b>64,343</b>	35,194

The notes on pages 13 to 72 form an integral part of these financial statements.

Auditor's report on pages 6 to 6(b).

## STATEMENTS OF CHANGES IN EQUITY - YEAR ENDED JUNE 30, 2018

(a) THE GROUP	Notes	Attributable to owners of the parent					Non-controlling interests	Total
		Share capital	Other reserves	Retained earnings	Total	Rs'000		
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	
Balance at July 1, 2017		1,019,294	207,785	190,537	1,417,616	139,131	1,556,747	
Profit for the year		-	-	88,400	88,400	15,177	103,577	
Other comprehensive income for the year		-	(22,865)	-	(22,865)	2,930	(19,935)	
Total comprehensive income for the year		-	(22,865)	88,400	65,535	18,107	83,642	
Changes in ownership interest in subsidiaries that do not result in a loss of control	27(a)	-	-	-	-	(14,950)	(14,950)	
Dividends	25	-	-	(48,500)	(48,500)	(3,659)	(52,159)	
<b>At June 30, 2018</b>		<b>1,019,294</b>	<b>184,920</b>	<b>230,437</b>	<b>1,434,651</b>	<b>138,629</b>	<b>1,573,280</b>	
Balance at July 1, 2016		1,019,294	186,868	134,818	1,340,980	137,990	1,478,970	
Profit for the year		-	-	93,328	93,328	19,973	113,301	
Other comprehensive income for the year		-	20,917	(990)	19,927	(12,838)	7,089	
Total comprehensive income for the year		-	20,917	92,338	113,255	7,135	120,390	
Dividends	25	-	-	(36,619)	(36,619)	(5,994)	(42,613)	
<b>At June 30, 2017</b>		<b>1,019,294</b>	<b>207,785</b>	<b>190,537</b>	<b>1,417,616</b>	<b>139,131</b>	<b>1,556,747</b>	

The notes on pages 13 to 72 form an integral part of these financial statements.  
Auditor's report on pages 6 to 6(b).

## STATEMENTS OF CHANGES IN EQUITY - YEAR ENDED JUNE 30, 2018

(b) THE COMPANY

	Notes	Share capital Rs'000	Retained earnings Rs'000	Total Rs'000
Balance at July 1, 2017		1,019,294	13,303	1,032,597
Profit for the year		-	64,343	64,343
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	64,343	64,343
Dividends	25	-	(48,500)	(48,500)
<b>At June 30, 2018</b>		<b>1,019,294</b>	<b>29,146</b>	<b>1,048,440</b>
Balance at July 1, 2016		1,019,294	14,728	1,034,022
Profit for the year		-	35,194	35,194
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	35,194	35,194
Dividends	25	-	(36,619)	(36,619)
<b>At June 30, 2017</b>		<b>1,019,294</b>	<b>13,303</b>	<b>1,032,597</b>

The notes on pages 13 to 72 form an integral part of these financial statements.

Auditor's report on pages 6 to 6(b).

## STATEMENTS OF CASH FLOWS - YEAR ENDED JUNE 30, 2018

	Notes	THE GROUP		THE COMPANY	
		2018	2017	2018	2017
		Rs'000	Rs'000	Rs'000	Rs'000
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed in) operations	26(a)	165,898	381,406	(297)	(1,038)
Interest paid		(37,103)	(39,529)	(1,170)	(557)
Interest received		2,362	3,076	1,532	717
Income tax paid	14(a)	(57,148)	(45,437)	(26)	(196)
<b>Net cash generated from/(absorbed in) operating activities</b>		<b>74,009</b>	<b>299,516</b>	<b>39</b>	<b>(1,074)</b>
<b>Cash flows from investing activities</b>					
Additional purchase consideration on acquisition of subsidiary	7(d)	(14,889)	-	-	-
Acquisition of additional interest in subsidiary	27(a)	(23,417)	-	-	-
Acquisition of subsidiary, net of cash acquired	27(b)(iii)	-	(6,968)	-	-
Purchase of property, plant and equipment	26(b)	(55,379)	(137,776)	-	-
Purchase of intangible assets		(1,235)	(6,708)	-	-
Proceeds on sale of property, plant and equipment		24,152	33,819	-	-
Dividends received		-	-	73,419	30,112
Loans granted to related parties		-	-	(66,606)	(52,500)
Loan repayments received from related parties		-	-	36,000	67,000
<b>Net cash (used in)/from investing activities</b>		<b>(70,768)</b>	<b>(117,633)</b>	<b>42,813</b>	<b>44,612</b>
<b>Cash flows from financing activities</b>					
Loan received from related parties		-	-	67,000	36,803
Loan repaid to related parties		(9,179)	(11,224)	(58,300)	(42,300)
Proceeds from borrowings		266,506	221,956	-	-
Payments of borrowings		(263,396)	(181,852)	-	(1,429)
Finance lease principal payments		(26,307)	(32,477)	-	-
Dividends paid to company's shareholders		(51,500)	(36,519)	(51,500)	(36,519)
Dividends paid to non-controlling interests		(5,191)	(20,313)	-	-
<b>Net cash used in financing activities</b>		<b>(89,067)</b>	<b>(60,429)</b>	<b>(42,800)</b>	<b>(43,445)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(85,826)</b>	<b>121,454</b>	<b>52</b>	<b>93</b>
<b>Movement in cash and cash equivalents</b>					
At July 1,		170,612	52,945	961	868
(Decrease)/increase		(85,826)	121,454	52	93
Effect of foreign exchange rate changes		(10,519)	(3,787)	-	-
<b>At June 30,</b>	26(c)	<b>74,267</b>	<b>170,612</b>	<b>1,013</b>	<b>961</b>

The notes on pages 13 to 72 form an integral part of these financial statements.  
Auditor's report on pages 6 to 6(b).

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

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**1. GENERAL INFORMATION**

Velogic Holding Company Limited is a limited liability company incorporated in the Republic of Mauritius on September 30, 2004 as a management and investment company for the Logistics Autonomous Division of Rogers & Co Limited. The immediate holding company is Rogers and Company Limited, the intermediate holding is Rogers Consolidated Shareholding Limited and its ultimate holding company is Société Caredas, all companies are incorporated in the Republic of Mauritius. Its registered office is situated at No.5 President John Kennedy Street, Port Louis.

These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of Shareholders of the Company.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented unless otherwise stated.

**2.1 Basis of preparation**

The financial statements of Velogic Holding Company Limited comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements include the consolidated financial statements of the parent company and its subsidiaries (The Group) and the separate financial statements of the parent company (The Company).

The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest thousand (Rs'000), except when otherwise indicated.

The financial statements are prepared under the historical cost convention, except that:

- (i) land and building are carried at revalued amounts; and
- (ii) investment property are stated at fair value;
- (iii) relevant financial assets and financial liabilities are stated at their fair value/amortised cost.

***Amendments to published Standards effective in the reporting period***

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12). The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. The amendment has no impact on the Group's financial statements.

Disclosure Initiative (Amendments to IAS 7). The amendments require the entity to explain changes in its liabilities arising from financing activities. This includes changes arising from cash flows (eg drawdowns and repayments of borrowings) and non-cash changes such as acquisitions, disposals, accretion of interest and unrealised exchange differences. A reconciliation of the opening and closing carrying amounts for each item for which cash flows have been or would be classified as financial activities is presented in note 26(d).

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.1. Basis of preparation (cont'd)***Amendments to published Standards effective in the reporting period (cont'd)***Annual Improvements to IFRSs 2014-2016 Cycle**

IFRS 12 Disclosure of Interests in Other Entities. The amendments clarify that entities are not exempt from all of the disclosure requirements in IFRS 12 when entities have been classified as held for sale or as discontinued operations. The amendment has no impact on the Group's financial statements.

*Standards, Amendments to published Standards and Interpretations issued but not yet effective*

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2018 or later periods, but which the Group has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

IFRS 9 Financial Instruments  
IFRS 15 Revenue from Contracts with Customers  
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)  
IFRS 16 Leases  
Clarifications to IFRS 15 Revenue from Contracts with Customers  
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)  
Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)  
Annual Improvements to IFRSs 2014-2016 Cycle  
IFRIC 22 Foreign Currency Transactions and Advance Consideration  
Transfers of Investment Property (Amendments to IAS 40)  
IFRS 17 Insurance Contracts  
IFRIC 23 Uncertainty over Income Tax Treatments  
Prepayment Features with negative compensation (Amendments to IFRS 9)  
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)  
Annual Improvements to IFRSs 2015-2017 Cycle

Where relevant, the Group is still evaluating the effect of these Standards, Amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.2 Property, plant and equipment**

Land and building, held for use in the production or supply of goods or for administrative purposes, are stated at its fair value based on periodic, but at least triennial valuations, by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the assets and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Increases in the carrying amount arising on revaluation of land are credited to other comprehensive income and shown as revaluation surplus in shareholders' equity. Decreases that offset previous increases of the same asset are charged against revaluation surplus directly in equity; all other decreases are charged to profit or loss.

Depreciation is calculated on the straight-line method to write off their cost to their residual values over their estimated useful lives. It is applied at the following rates :

Buildings and yards	7 - 50 years
Plant and equipment	5 - 10 years
Motor vehicles	4 - 5 years
Furniture, fixtures and equipment	4 - 6.67 years

Land is not depreciated.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in profit or loss. On disposal of revalued assets, the amounts included in revaluation surplus are transferred to retained earnings.

**2.3 Investment property**

Investment property, held to earn rentals or for capital appreciation or both and not occupied by the Group are measured initially at cost, including transaction costs. Subsequent to initial recognition investment properties are carried at fair value, representing open-market value determined annually by external valuers. Changes in the fair values are included in profit or loss as part of other income.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.4 Intangible assets****(a) Goodwill**

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note 2.5) less accumulated impairment losses, if any.

Goodwill is tested annually for impairment.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gains and losses on disposal.

**(b) Computer software**

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised using the straight line method over their estimated useful lives (3-5 years).

**2.5 Investment in subsidiaries***Separate financial statements of the investor*

In the separate financial statements of the investor, investment in subsidiary companies are carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments.

*Consolidated financial statements*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interests' proportionate share of the acquiree's net assets.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.5 Investment in subsidiaries (cont'd)

The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree (if any) over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss as a bargain purchase gain.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### *Transactions and non-controlling interests*

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

### 2.6 Investments in associates

#### *Separate financial statements of the investor*

In the separate financial statements of the investor, investments in associates are carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments.

An associate is an entity over which the Group has significant influence but not control or joint control, generally accompanying a shareholding between 20% and 50% of the voting rights.

#### *Consolidated financial statements*

Investments in associates are accounted for using the equity method except when classified as held for sale (see note 2.7). Investment in associates are initially recognised at cost as adjusted by post acquisition charges in the Group's share of the net assets of the associate less any impairment in the value of individual investments.

Any excess of the cost of acquisition and the Group's share of the net fair value of the associate's identifiable assets and liabilities recognised at the date of acquisition is recognised as goodwill, which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of identifiable assets and liabilities, after assessment, is included as income in the determination of the Group's share of the associate's profit or loss.

When the Group's share of losses exceeds its interest in associate, the Group discontinues recognising further losses unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.6 Investments in associates (cont'd)**

Where necessary, appropriate adjustments are made to the financial statements of associates to bring the accounting policies used in line with those adopted by the Group.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Dilution gains and losses arising in investments are recognised in profit or loss.

**2.7 Financial assets****(a) Categories of financial assets**

The Group classifies its financial assets as available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial assets at initial recognition.

*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the end of the reporting period.

**(b) Recognition and measurement**

Purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially measured at fair value plus transaction costs for all financial assets.

Available-for-sale financial assets are subsequently carried at their fair values.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

Unrealised gains and losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised in other comprehensive income.

When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in profit or loss as gains or losses on financial assets.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.7 Financial assets (cont'd)****(c) Impairment of financial assets***Financial assets classified as available-for-sale*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in profit or loss.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

**2.8 Leases**

- (a) Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(b) *Accounting for leases - where Group is the lessee*

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss unless they are attributable to qualifying assets, in which case, they are capitalised in accordance with the policy on borrowing costs (see note 2.9).

**2.9 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are expensed.

**2.10 Current and deferred income tax**

The tax expense for the period comprises of current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.10 Current and deferred income tax (cont'd)***Current tax*

The current income tax charge is based on taxable income for the year calculated on the basis of tax laws enacted or substantively enacted by the end of the reporting period.

*Deferred tax*

Deferred income tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting date and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

**2.11 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis.

Work in progress is valued at the lower of cost and its net realisable value. The cost of work in progress for the Group comprises of direct costs and the value of disbursement made on behalf of clients.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

**2.12 Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.13 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

**2.14 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from proceeds.

**2.15 Borrowings**

Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after end of reporting period.

**2.16 Retirement benefit obligations****(a) Defined contribution plans**

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Payments to defined contribution plans are recognised as an expense when employees have rendered service that entitle them to the contributions.

**(b) Defined benefit plans**

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statements of financial position in respect of defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.16 Retirement benefit obligations (cont'd)****(b) Defined benefit plans (cont'd)**

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), is recognised immediately in other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income shall not be reclassified to profit or loss in subsequent period.

The Group determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined liability/(asset), taking into account any changes in the net defined liability/(asset) during the period as a result of contributions and benefit payments. Net interest expense/(income) is recognised in profit or loss. Service costs comprising current service cost, past service cost, as well as gains and losses on curtailments and settlements are recognised immediately in profit or loss.

**(c) Unfunded pensioners**

For pensioners (former employees) who are not covered under any pension plan, the net present value of pension payable as per the terms of the contractual agreement is calculated by a qualified actuary and provided for.

**2.17 Provisions**

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

**2.18 Trade and other payables**

Trade and other payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

**2.19 Foreign currencies****(a) Functional and presentation currency**

Items included in the financial statements are measured using Mauritian rupees, the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Mauritian Rupees which is the Company's functional and presentation currency.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.19 Foreign currencies (cont'd)****(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

**(c) Group companies**

The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position.
- (ii) income and expenses for each statement representing profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.20 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

### 2.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for sale of services, stated net of value-added tax, rebates and discounts and other similar allowances and after eliminating sales within the Group.

#### (a) *Rendering of services*

Revenue from rendering of services are recognised in the accounting year in which the services are rendered (by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of total services to be provided).

#### (b) Other revenue earned by the Group are recognised on the following bases:

- Interest income - on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised either as cash is collected or on a cost-recovery basis as conditions warrant.
- Dividend income - when the shareholder's right to receive payment is established.

### 2.22 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are declared.

### 2.23 Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or if later at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts. The components of equity of the acquired entities are added to the same components within the Company's equity.



**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.24 Non-current assets held for sale**

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through a continuing use. This condition is regarded as met only, when the sale is highly probable and the asset is available for immediate sale in its present condition.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

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**3. FINANCIAL RISK MANAGEMENT****3.1 Financial Risk Factors**

The Group's activities expose it to a variety of financial risk factors, including:

- (a) market risk;
- (b) credit risk;
- (c) liquidity risk; and
- (d) cash flow and fair value interest rate risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect on the Group's financial performance.

Risk management is carried out by treasury department under policies approved by the Board of Directors. Treasury identifies, evaluates and hedges financial risks in close cooperation with the operating units. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and non-derivative financial instruments and investment of excess liquidity.

A description of the significant risk factors is given below together with the risk management policies applicable.

**(a) Market risk****(i) Currency risk**

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to EURO, Great Britain Pound Sterling and US Dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Management has set up a policy to require the Group to manage its foreign exchange risk exposure with treasury. The Group also manages the exposure to currency variations by matching receipts and disbursements.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

## 3. FINANCIAL RISK MANAGEMENT (CONT'D)

## 3.1 Financial Risk Factors (cont'd)

(a) Market risk (cont'd)(i) Currency risk (cont'd)Currency profile

The currency profile of the Group and the Company's financial assets and liabilities is summarised below:

<u>THE GROUP</u>	2018		2017	
	Financial assets Rs'000	Financial liabilities Rs'000	Financial assets Rs'000	Financial liabilities Rs'000
MUR	439,491	476,118	389,422	515,442
EURO	444,933	508,510	489,151	535,235
US Dollar	63,540	90,725	112,270	57,811
GBP	2,029	668	7,187	947
Kenya Shilling	264,282	89,720	223,289	76,717
Others	112,493	71,230	102,402	98,391
	<u>1,326,768</u>	<u>1,236,971</u>	<u>1,323,721</u>	<u>1,284,543</u>

<u>THE COMPANY</u>	2018		2017	
	Financial assets Rs'000	Financial liabilities Rs'000	Financial assets Rs'000	Financial liabilities Rs'000
MUR	<u>268,108</u>	<u>62,036</u>	<u>323,950</u>	<u>52,837</u>

Sensitivity analysis

At the end of reporting date, if the rupee had weakened/strengthened by 5% against the following currencies with all the variables remaining constant, the impact on the post-tax profit for the period would have been shown in the table below, mainly as a result of foreign exchange gains/losses on translation of foreign currency denominated financial assets and liabilities.

<u>THE GROUP</u>	2018		2017	
	Financial assets Rs'000	Financial liabilities Rs'000	Financial assets Rs'000	Financial liabilities Rs'000
Impact on post-tax profit :				
EURO	22,247	25,426	24,458	26,762
US Dollar	3,177	4,536	5,614	2,891
GBP	101	33	359	47
Kenya Shilling	13,214	4,486	11,164	3,836
Others	5,625	3,562	5,120	4,920
	<u>44,364</u>	<u>38,043</u>	<u>46,715</u>	<u>38,456</u>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

## 3. FINANCIAL RISK MANAGEMENT (CONT'D)

## 3.1 Financial Risk Factors (cont'd)

(a) Market risk (cont'd)(i) Currency risk (cont'd)THE COMPANY

The Company is not exposed to currency risk as all financial assets and financial liabilities are denominated in Mauritian Rupees.

(ii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated statements of financial position as available-for-sale. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

Sensitivity analysis

The table below summarises the impact of increases/decreases in the fair value of the investments on equity. The analysis is based on the assumption that the fair value has increased/decreased by 5%.

	Impact on equity			
	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Available-for-sale financial assets	464	464	-	-

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instruments fails to meet its contractual obligations, and arises principally from the Group's trade receivables. The amounts presented in the statements of financial position are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment.

The Group has a large number of customers operating at very tight margins and significant credit exposures but has policies in place to ensure that sales of services are made to customers with an appropriate credit history. In addition to provisions the Group has credit insurance to cover potential bad debts. Also, receivables comprise of amount granted to related party where management believe the risk of default is remote.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

## 3. FINANCIAL RISK MANAGEMENT (CONT'D)

## 3.1 Financial Risk Factors (cont'd)

(b) Credit risk (cont'd)

The Group has policies that limit the amount of credit exposure to any financial institutions.

The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by management based on prior experience and the current economic environment while management considers the risk of default from related parties to be remote.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market position.

The Group aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below analyses the Company's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting date to the contractual maturity date.

THE GROUP

	Less than 1 year	Between 1 and 5 years	Later than 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000
<u>At June 30, 2018</u>				
Trade and other payables	622,544	-	-	622,544
Borrowings	263,140	263,179	88,108	614,427
	<u>885,684</u>	<u>263,179</u>	<u>88,108</u>	<u>1,236,971</u>
<u>At June 30, 2017</u>				
Trade and other payables	707,396	-	-	707,396
Borrowings	199,185	279,652	98,310	577,147
	<u>906,581</u>	<u>279,652</u>	<u>98,310</u>	<u>1,284,543</u>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

## 3. FINANCIAL RISK MANAGEMENT (CONT'D)

## 3.1 Financial Risk Factors (cont'd)

(c) Liquidity risk (cont'd)

<u>THE COMPANY</u>	Less than	Between	Later	Total
	1 year	1 and 5	than	
<u>At June 30, 2018</u>	Rs'000	Rs'000	Rs'000	Rs'000
Trade and other payables	843	-	-	843
Borrowings	61,193	-	-	61,193
	<u>62,036</u>	<u>-</u>	<u>-</u>	<u>62,036</u>
<u>At June 30, 2017</u>				
Trade and other payables	344	-	-	344
Borrowings	52,493	-	-	52,493
	<u>52,837</u>	<u>-</u>	<u>-</u>	<u>52,837</u>

(d) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group has an interest rate policy which aims at minimising the annual interest costs and reduce volatility. The cost of debt is managed by effective negotiation directly with banks and other financial institutions.

*Sensitivity analysis*THE GROUP

At the end of reporting date, if interest rates on borrowings had been 50 basis points higher/lower with all variables held constant, post-tax profit for the year would have been Rs 2.947 million (2017: Rs 2.840 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

THE COMPANY

At the end of reporting date, if interest rates on borrowings had been 50 basis points higher/lower with all variables held constant, post-tax profit for the year would have been Rs 0.010 million (2017: Rs 0.001 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

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**3. FINANCIAL RISK MANAGEMENT (CONT'D)****3.2 Fair value estimation**

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Investments included in Level 1 comprise primarily of quoted equity investments classified as trading securities or available-for-sale.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The valuation techniques maximises the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

**3.3 Capital risk management**

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by providing products and services commensurately with the

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Consistently with others in the industry, the Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt adjusted capital. Net debt is calculated as total debt (as shown on the statements of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, other reserves, non-controlling interests and retained earnings).

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

## 3. FINANCIAL RISK MANAGEMENT (CONT'D)

## 3.3 Capital risk management (cont'd)

The debt-to-adjusted capital ratios at June 30, 2018 and at June 30, 2017 were as follows:

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Total debts (note 17)	614,427	577,147	61,193	52,493
Less: Cash and cash equivalents	(207,926)	(243,915)	(1,013)	(961)
Net debt	406,501	333,232	60,180	51,532
Adjusted capital	1,573,280	1,556,747	1,048,440	1,032,597
Debt-to-adjusted capital ratio	26%	21%	6%	5%

The increase in the Group's and Company's debt-to-adjusted capital ratio during 2018 resulted primarily from an increase in net debt.

There were no changes in the Group's approach to capital risk management during the year.



NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

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**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**4.1 Critical accounting estimates and assumptions**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**(a) Estimated impairment of goodwill**

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.4(a). These calculation require the use of estimates as stated in note 7(c).

**(b) Pension benefits**

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 18.

**(c) Revaluation of property, plant and equipment and investment properties**

The Group carries its land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The Group engaged independent valuation specialists to determine fair value as at June 30, 2017.

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged independent valuation specialists to determine fair value as at December 31, 2014. For the investment property, the valuer used a valuation technique based on a discounted cash flow model as there is lack of comparable market data because of the nature of the property.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

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**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)****4.1 Critical accounting estimates and assumptions (cont'd)****(d) Limitation of sensitivity analysis**

The sensitivity analysis in respect of market risk demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should be noted that these sensitivities are non-linear and larger or smaller impacts should be interpolated or extrapolated from these results.

The sensitivity analysis do not take into consideration that the Group's assets and liabilities are actively managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's views of possible near-term market changes that cannot be predicted with any certainty.

**(e) Impairment of available-for-sale financial assets**

The Group follows the guidance of IAS 39 on determining when an investment is other-than-temporarily impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

**(f) Asset lives and residual values**

Property, plant and equipment are depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

**(g) Depreciation policies**

Property, plant and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Group would currently obtain from disposal of the asset if the asset were already of the age and in the condition expected at the end of its useful life.

The directors therefore make estimates based on historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the assets at the end of their expected useful lives.

**(h) Impairment of assets**

Goodwill is considered for impairment at least annually. Property, plant and equipment, and intangible assets are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)****4.1 Critical accounting estimates and assumptions (cont'd)****(h) Impairment of assets (cont'd)**

Future cash flows expected to be generated by the assets or cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value. The impairment loss is first allocated to goodwill and then to the other assets of a cash-generating unit.

Cash flows which are utilised in these assessments are extracted from formal five-year business plans which are updated annually. The Group utilises the valuation model to determine asset and cash-generating unit values supplemented, where appropriate, by discounted cash flow and other valuation techniques.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

## 5. PROPERTY, PLANT AND EQUIPMENT

(a) THE GROUP	Freehold land and yard	Freehold buildings	Buildings and yard on leasehold land	Plant and equipment	Furniture, fixtures and equipment	Motor vehicles	Total	
	Rs'000	Rs'000	Rs'000	Owned Rs'000	Leased Rs'000	Owned Rs'000	Leased Rs'000	Rs'000
(i) COST OR VALUATION								
At July 1, 2017								
- cost	-	-	-	553,966	148,592	32,217	75,259	918,479
- valuation	124,844	24,550	447,921	-	-	-	-	597,315
	124,844	24,550	447,921	553,966	148,592	32,217	75,259	1,515,794
Additions	-	592	686	40,835	1,263	6,046	5,009	61,651
Disposals	-	-	-	(44,806)	-	(6,325)	(5,874)	(57,224)
Transfer to non-current assets held for sale (note 28(d))	-	-	-	-	-	(115)	-	(3,047)
Exchange differences	-	-	(676)	(1,675)	(709)	(1,130)	-	(4,190)
At June 30, 2018								
- cost	-	-	-	548,320	149,855	30,693	74,394	915,067
- valuation	124,844	25,142	447,931	-	-	-	-	597,917
	124,844	25,142	447,931	548,320	149,855	30,693	74,394	1,512,984
DEPRECIATION								
At July 1, 2017	-	260	12,699	342,972	71,418	24,068	36,937	567,699
Charge for the year	-	195	11,846	60,954	2,233	4,885	9,708	101,168
Disposal adjustments	-	-	-	(31,113)	-	(4,433)	(5,873)	(41,628)
Transfer to non-current assets held for sale (note 28(d))	-	-	-	-	-	(157)	-	(2,472)
Exchange differences	-	-	356	(1,410)	(3,099)	(1,252)	-	(5,405)
At June 30, 2018	-	455	24,901	371,403	73,651	23,111	40,772	619,362
NET BOOK VALUES								
At June 30, 2018	124,844	24,687	423,030	176,917	76,204	7,582	33,622	893,622

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land and yard		Buildings and yard on leasehold land		Plant and equipment		Furniture, fixtures and equipment		Motor vehicles		Total	
	Rs'000	Rs'000	Rs'000	Rs'000	Owned	Leased	Rs'000	Rs'000	Owned	Leased		Rs'000
(a) THE GROUP												
(ii) COST OR VALUATION												
At July 1, 2016												
- cost												
- valuation	115,844	24,550	459,843	-	568,219	148,592	104,525	-	31,814	71,662	924,812	
	115,844	24,550	459,843	-	568,219	148,592	104,525	-	31,814	71,662	1,525,049	
Additions												
Acquisition through business combinations	-	-	-	-	-	-	3,274	-	1,585	-	4,859	
Revaluation adjustments	9,000	-	(14,392)	-	-	-	-	-	-	-	(5,392)	
Disposals	-	-	-	-	(119,311)	-	(9,391)	-	(7,069)	(9,251)	(145,022)	
Exchange differences	-	-	(1,136)	-	(6,318)	-	(4,693)	-	(2,177)	-	(14,324)	
At June 30, 2017												
- cost												
- valuation	124,844	24,550	447,921	-	553,966	148,592	108,445	-	32,217	75,259	918,479	
	124,844	24,550	447,921	-	553,966	148,592	108,445	-	32,217	75,259	1,515,794	
DEPRECIATION												
At July 1, 2016												
Charge for the year	-	195	35,744	-	386,109	69,188	79,203	-	20,970	40,705	632,114	
Acquisition through business combinations	-	65	11,700	-	61,812	2,230	11,206	-	9,242	5,483	101,738	
Revaluation adjustments	-	-	-	(35,076)	-	-	-	-	-	-	3,625	
Disposal adjustments	-	-	-	-	(99,639)	-	(7,923)	-	(6,756)	(9,251)	(123,569)	
Exchange differences	-	-	331	-	(5,210)	-	(5,181)	-	(973)	-	(11,133)	
At June 30, 2017												
	-	260	12,699	-	342,972	71,418	79,345	-	24,068	36,937	567,699	
NET BOOK VALUES												
At June 30, 2017	124,844	24,290	435,222	-	210,994	77,174	29,100	-	8,149	38,322	948,095	

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (b) Additions include Rs 6.272 million (2017: Rs 12.848 million) of assets leased under finance leases for the Group.
- (c) The Group's land and buildings were last revalued at June 30, 2017 by independent valuers. The revaluation net of applicable deferred income taxes was credited to revaluation surplus in shareholders' equity (note 16).

Details of the Group's land and building measured at revalued amounts and information about the fair value hierarchy are as follows:

	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000
<b>June 30, 2018</b>			
Freehold land and yard	124,844	-	124,844
Freehold buildings	-	24,687	24,687
Buildings and yard on leasehold land	-	423,030	423,030
	<b>124,844</b>	<b>447,717</b>	<b>572,561</b>

	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000
<b>June 30, 2017</b>			
Freehold land and yard	124,844	-	124,844
Freehold buildings	-	24,290	24,290
Buildings and yard on leasehold land	-	435,222	435,222
	<b>124,844</b>	<b>459,512</b>	<b>584,356</b>

There were no transfers between level 2 and 3 during the year.

The fair value of the freehold land was derived using the sales comparison approach. Sales prices of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre.

**Significant unobservable valuation input:**

Price per square metre	Rs.
	<u>3,200</u>

Significant increase/(decrease) in estimated price per square metre in isolation would result in a significant higher/(lower) fair value.

The fair value of the buildings was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The reconciliation of buildings measured at revalued amounts using significant unobservable inputs are as follows:

	Freehold buildings	Building and yard on leasehold land	Total
	Rs'000	Rs'000	Rs'000
<b>June 30, 2018</b>			
At July 1, 2017	24,290	435,222	459,512
Additions	592	686	1,278
Depreciation	(195)	(11,846)	(12,041)
Exchange differences	-	(1,032)	(1,032)
<b>At June 30, 2018</b>	<b>24,687</b>	<b>423,030</b>	<b>447,717</b>
	Freehold buildings	Building and yard on leasehold land	Total
	Rs'000	Rs'000	Rs'000
<b>June 30, 2017</b>			
At July 1, 2016	24,355	424,099	448,454
Additions	-	3,606	3,606
Revaluation adjustments	-	20,684	20,684
Depreciation	(65)	(11,700)	(11,765)
Exchange differences	-	(1,467)	(1,467)
<b>At June 30, 2017</b>	<b>24,290</b>	<b>435,222</b>	<b>459,512</b>

- (d) If the land and buildings were stated on the historical cost basis, the amounts would be as follow:

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
Cost	147,375	146,097
Accumulated depreciation	(40,984)	(38,037)
Net book value	<b>106,391</b>	<b>108,060</b>

- (e) Bank borrowings are secured by floating charges on the assets of the Group including property, plant and equipment.

- (f) Depreciation charge for the year has been included as follows:

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
Statement of profit or loss	100,475	100,921
Discontinuing operations	693	817
	<b>101,168</b>	<b>101,738</b>

## 6. INVESTMENT PROPERTY

	2018		
	Land	Buildings	Total
	Rs'000	Rs'000	Rs'000
<b>THE GROUP</b>			
At July 1,	11,842	10,153	21,995
Exchange differences	294	253	547
<b>At June 30,</b>	<b>12,136</b>	<b>10,406</b>	<b>22,542</b>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

## 6. INVESTMENT PROPERTY (CONT'D)

	2017		
	Land	Buildings	Total
	Rs'000	Rs'000	Rs'000
At July 1,	12,531	10,745	23,276
Exchange differences	(689)	(592)	(1,281)
<b>At June 30,</b>	<b>11,842</b>	<b>10,153</b>	<b>21,995</b>

The investment property was valued on December 31, 2014 by Datoo Kithiki Limited, an independent professionally qualified valuer. The fair value was determined on an open-market basis by reference to market evidence of transaction prices for similar properties. The directors consider the carrying amount to be not materially different from the valuation carried out on December 31, 2014.

Details of the Group's investment properties and information about the fair value hierarchy are as follows:

	2018	2017
	Level 3	Level 3
	Rs'000	Rs'000
Land	12,136	11,842
Building	10,406	10,153
	<b>22,542</b>	<b>21,995</b>

The fair value of investment property is considered to be a level 3 valuation based on significant non-observable inputs being the location and condition of the property, consistent with prior periods. Management does not expect there to be a material sensitivity to the fair values arising from non-observable inputs. There were no transfer between levels 1 and 2 during the year.

The Group has pledged its investment property to secure general banking facilities granted to the Group (note 17).

## 7. INTANGIBLE ASSETS

	Computer		
	Goodwill	software	Total
<u>THE GROUP</u>	Rs'000	Rs'000	Rs'000
(a) <b>COST</b>			
At July 1, 2017	611,587	72,812	684,399
Addition	-	1,235	1,235
Acquisition of additional interest in a subsidiary (note 27(a))	8,467	-	8,467
Additional purchase consideration on acquisition of subsidiary (note 7(d))	14,889	-	14,889
Exchange differences	-	(1,349)	(1,349)
<b>At June 30, 2018</b>	<b>634,943</b>	<b>72,698</b>	<b>707,641</b>



## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

## 7. INTANGIBLE ASSETS (CONT'D)

THE GROUP	Goodwill	Computer software	Total
	Rs'000	Rs'000	Rs'000
<b>AMORTISATION</b>			
At July 1, 2017	-	62,238	62,238
Charge for the year	-	4,210	4,210
Exchange differences	-	(1,346)	(1,346)
<b>At June 30, 2018</b>	<b>-</b>	<b>65,102</b>	<b>65,102</b>
<b>NET BOOK VALUE</b>			
<b>At June 30, 2018</b>	<b>634,943</b>	<b>7,596</b>	<b>642,539</b>
<b>(b) COST</b>			
At July 1, 2016	606,866	67,402	674,268
Addition	-	6,708	6,708
Acquisition through business combinations	4,721	4,272	8,993
Disposal	-	(3,915)	(3,915)
Exchange differences	-	(1,655)	(1,655)
<b>At June 30, 2017</b>	<b>611,587</b>	<b>72,812</b>	<b>684,399</b>
<b>AMORTISATION</b>			
At July 1, 2016	-	59,843	59,843
Charge for the year	-	3,842	3,842
Acquisition through business combinations	-	3,448	3,448
Disposal adjustments	-	(3,805)	(3,805)
Exchange differences	-	(1,090)	(1,090)
<b>At June 30, 2017</b>	<b>-</b>	<b>62,238</b>	<b>62,238</b>
<b>NET BOOK VALUE</b>			
<b>At June 30, 2017</b>	<b>611,587</b>	<b>10,574</b>	<b>622,161</b>

- (c) Impairment test for goodwill is allocated to the Company's cash-generating units (CGVS) identified according to the country of operation and business segment.

At the end of the reporting period, the Group assessed the recoverable amount of goodwill and determined that there is no impairment to goodwill. The valuation takes into account an interest free rate of 4.47% and a risk premium of 6.66%.

- (d) On November 29, 2017, an addendum was made to the Share Purchase Agreement for the acquisition of General Cargo Services Ltd. The purchase consideration has been increased by KSH 43.500 million.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

## 8. INVESTMENT IN SUBSIDIARIES

(a) COST

At July 1,

Additions

At June 30,

		THE COMPANY	
		2018	2017
		Rs'000	Rs'000
		780,008	780,008
		77,849	-
		<u>857,857</u>	<u>780,008</u>

(b) Details of the subsidiaries are as follows:

Name of company	Class of shares held	Financial year end	Stated capital	Proportion of ownership interest		Country of incorporation and operation	Main business activity	Nominal value of investment	
				Direct	Indirect			2018	2017
			Rs'000	%	%			Rs'000	Rs'000
Logistics Solutions Ltd *	Ordinary	June 30,	360,483	98.5	-	Mauritius	Port Services	361,613	361,613
Papool Holding Limited *	Ordinary	June 30,	100	60.0	-	Mauritius	Stevedoring	75	75
Velogic Depot and Warehouse Ltd	Ordinary	June 30,	300	100.0	-	Mauritius	Freight forwarding	17,804	17,804
Rogers Logistics International Ltd	Ordinary	June 30,	2,358	100.0	-	Mauritius	Investment holding	80,362	2,513
Rogers Logistics Services Company Limited	Ordinary	June 30,	100	100.0	-	Mauritius	Freight forwarding	101	101
Rogers Shipping Ltd *	Ordinary	June 30,	721	36.0	32.6	Mauritius	Shipping	26,880	26,880
Sukpak Ltd*	Ordinary	June 30,	1,200	70.0	-	Mauritius	Sugar Packaging	19,706	19,706
Southern Marine Ltd*	Ordinary	June 30,	500	36.0	32.6	Mauritius	Shipping agency	15,120	15,120
Trans World International Ltd	Ordinary	June 30,	25	100.0	-	Mauritius	Freight forwarding	40,193	40,193
Velogic Ltd	Ordinary	June 30,	83,384	100.0	-	Mauritius	Freight forwarding	296,003	296,003
								<u>857,857</u>	<u>780,008</u>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

## 8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Details of the subsidiaries are as follows: (cont'd)

Name of company	Class of shares held	Financial year end	Stated capital	Proportion of ownership interest held by		Country of incorporation and operation	Main business activity
				indirect interest	non-controlling interests		
			Rs'000	%	%		
<b>Rogers Logistics International Ltd holds the following subsidiaries:</b>							
Cargo Express Madagascar S.A.R.L	Ordinary	June 30,	168	100.0	-	Madagascar	Freight forwarding
Rogers IDS Madagascar SARL	Ordinary	June 30,	8	100.0	-	Madagascar	Freight forwarding
Rogers IDS Mozambique Limitada	Ordinary	June 30,	63	100.0	-	Mozambique	Freight forwarding
Rogers IDS SAS (France)	Ordinary	June 30,	43,655	100.0	-	France	Freight forwarding
Rogers Shipping Pte Ltd **	Ordinary	June 30,	3	51.0	49.0	Republic of Singapore	Shipping
Velogic Express Reunion	Ordinary	June 30,	8,341	100.0	-	Reunion Island	Courier Services
Velogic India Private Ltd	Ordinary	June 30,	11,156	100.0	-	India	Freight forwarding
Velogic Sea Frigo R'Frigo SA	Ordinary	June 30,	4,085	100.0	-	Reunion Island	Freight forwarding
VK Logistics Ltd	Ordinary	June 30,	163,814	51.0	49.0	Mauritius	Investment holding
<b>Logistics Solutions Ltd holds the following subsidiaries:</b>							
Associated Container Services Ltd *	Ordinary	June 30,	18,850	98.5	1.5	Mauritius	Port Services
Freeport Operations (Mauritius) Ltd *	Ordinary	June 30,	133,447	98.5	1.5	Mauritius	Port Services
<b>Associated Container Services Ltd holds the following subsidiary:</b>							
Velogic Haulage Services Ltd *	Ordinary	June 30,	975	100.0	-	Mauritius	Transport Services
MTL Logistics & Distribution Co Ltd *	Ordinary	June 30,	1,688	98.5	1.5	Mauritius	Dormant
<b>Velogic Haulage Services Ltd holds the following subsidiary:</b>							
Velogic Garage Services Limited *	Ordinary	June 30,	50,000	100.0	-	Mauritius	Garage Services

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Details of the subsidiaries are as follows: (cont'd)

Name of company	Class of shares held	Financial year end	Stated capital Rs'000	Proportion of indirect ownership interest %	Proportion of ownership interest held by non-controlling interests %	Country of incorporation and operation	Main business activity
<b><i>Papal Holding Limited holds the following subsidiary:</i></b>							
P.A.P.O.L.C.S Limited */**	Ordinary	June 30,	100	48.0	52.0	Mauritius	Stevedoring
<b><i>Velogie Ltd holds the following subsidiaries:</i></b>							
Express Logistics Solutions Ltd	Ordinary	June 30	1	100.0	-	Mauritius	Dormant
Danzas AEI Intercontinental (Mauritius) Ltd ***	Ordinary	September 30	5,500	65.0	35.0	Mauritius	Dormant
<b><i>VK Logistics Ltd holds the following subsidiaries:</i></b>							
General Cargo Services Ltd	Ordinary	December 31,	889	100.0	-	Kenya	Freight forwarding
Gencargo Transport Limited	Ordinary	December 31,	1,422	80.0	20.0	Kenya	Port services

\* The non-controlling interest are not material to the entity.

\*\* Control obtained through subsidiaries.

\*\*\* Danzas AEI Intercontinental (Mauritius) Ltd was dissolved on August 17, 2018 under Section 415(2) of the Insolvency Act 2009.

(c) ***Subsidiary with material non-controlling interests***

(i) Details for subsidiary that have non-controlling interests that are material to the entity:

**2018**

Profit allocated to non-controlling interests

Accumulated non-controlling interest at June 30, 2018

VK Logistics Ltd
Rs'000
<b>10,809</b>
<b>116,963</b>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

## 8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) *Subsidiary with material non-controlling interests (cont'd)*

(i) Details for subsidiary that have non-controlling interests that are material to the entity:

	VK Logistics Ltd	
	Rs'000	
2017	14,132	
Profit allocated to non-controlling interests	103,581	
Accumulated non-controlling interest at June 30, 2017		

(ii) Summarised financial information on subsidiary with material non-controlling interests.

- Summarised statement of financial position and statement of profit or loss and other comprehensive income.

Name	Current assets		Non-current assets		Current liabilities		Non-current liabilities		Revenue	Profit	Other comprehensive income	Total comprehensive income	Dividend paid to non-controlling interests
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000					
<b>2018</b> VK Logistics Ltd	274,618	187,928	112,552	117,148	333,334	22,712	4,854	27,566	-				
<b>2017</b> VK Logistics Ltd	231,547	178,099	92,722	112,045	339,171	27,808	(7,318)	20,490	-				

- Summarised cash flow information

Name	Operating activities		Investing activities		Financing activities		Net decrease in cash and cash equivalent
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	
<b>2018</b> VK Logistics Ltd	14,447	(15,672)	-	-	(1,225)		

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) *Subsidiary with material non-controlling interests (cont'd)*

(ii) Summarised financial information on subsidiary with material non-controlling interests. (cont'd)

- Summarised cash flow information (cont'd)

	2017	2017	Net decrease
	Rs'000	Rs'000	in cash and
			cash equivalent
			Rs'000
Operating activities	(4,093)	(22,431)	
Investing activities			
Financing activities		(4,420)	
			(30,944)

2017  
VK Logistics Ltd

The summarised financial information above is the amount before intra-group elimination.

9. INVESTMENT IN ASSOCIATES

(a) At July 1,  
Transfer to available-for-sale financial assets (note 10)  
At June 30,

THE GROUP	
2018	2017
Rs'000	Rs'000
-	19,422
-	(19,422)
-	-

(b) Details of the associate were as follows:

Name	Class of shares held	Financial Year end	Proportion of indirect ownership %	Country of incorporation and operation	Main business activity
At July 1, 2016 Island Bulk Carriers Pte Ltd *	Ordinary	June 30,	17.9 *	Singapore	Bulk Shipping Services

(i) The associate was accounted for using the equity method.

(ii) Island Bulk Carriers Pte Ltd is a private company and there is no quoted market price available for its shares.

\* Rogers Logistics International Limited, a wholly owned subsidiary, owns 51% of the shareholding of Rogers Shipping Pte Ltd who owns 35% of the shareholding of Island Bulk Carriers Ltd. In July 2016, due to change in level of influence in Island Bulk Carriers Pte Ltd, the directors concluded that the Group does not have significant influence and hence the investment has been accounted as available-for-sale financial assets.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

## 10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

(a) The movement in available-for-sale financial assets may be summarised as follows:

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
At July 1,	9,288	5,719
Transfer from investment in associates (note 9)	-	19,422
Change in fair value	-	(15,853)
<b>At June 30,</b>	<b>9,288</b>	<b>9,288</b>

(b) Available-for-sale - equity securities

	THE GROUP
	Level 3
	Rs'000
<b>June 30, 2018</b>	<b>9,288</b>
June 30, 2017	9,288

(c) Available-for-sale financial assets are denominated in Mauritian Rupees.

(d) The Directors are of opinion that the costs represent the fair value of the unquoted securities.

(e) None of the financial assets are either past due or impaired.

## 11. DEFERRED INCOME TAX

Deferred income taxes are calculated on all temporary differences under the liability method at 17% (2017: 15%).

(a) There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred income tax assets and liabilities when the deferred income taxes relate to the same fiscal authority on the same entity.

The following amounts are shown in the statements of financial position:

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
Deferred tax assets	11,885	8,799
Deferred tax liabilities	(56,928)	(50,842)
	<b>(45,043)</b>	<b>(42,043)</b>

At the end of the reporting period, the Group had unused tax losses of Rs 77.412 million (2017: Rs 72.822 million) available for offset against future taxable profits. No deferred tax asset has been recognised in respect of such losses due to unpredictability of future profit streams. The tax losses expire on a rolling basis over 5 years.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

## 11. DEFERRED INCOME TAX (CONT'D)

(b) The movement on the deferred income tax account is as follows:

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
At July 1,	(42,043)	(41,369)
(Charged)/credited to profit or loss (note 14(b))	(1,248)	2,378
Charged to other comprehensive income	(1,493)	(3,697)
Exchange differences	(259)	645
<b>At June 30,</b>	<b>(45,043)</b>	<b>(42,043)</b>

(c) The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same fiscal authority on the same entity, is as follows:

(i) Deferred tax assets

	THE GROUP		
	Retirement benefit obligation	Provisions of assets	Total
	Rs'000	Rs'000	Rs'000
At July 1, 2016	8,341	1,643	9,984
Charged to profit or loss	(590)	-	(590)
Charged to other comprehensive income	(595)	-	(595)
At June 30, 2017	7,156	1,643	8,799
Credited/(charged) to profit or loss	919	(37)	882
Credited to other comprehensive income	2,204	-	2,204
<b>At June 30, 2018</b>	<b>10,279</b>	<b>1,606</b>	<b>11,885</b>

(ii) Deferred tax liabilities

	THE GROUP		
	Accelerated tax depreciation	Revaluation of assets	Total
	Rs'000	Rs'000	Rs'000
At July 1, 2016	(19,358)	(31,995)	(51,353)
Charged to profit or loss	2,968	-	2,968
Credited to other comprehensive income	-	(3,102)	(3,102)
Exchange differences	645	-	645
At June 30, 2017	(15,745)	(35,097)	(50,842)
Credited to profit or loss	(2,130)	-	(2,130)
Credited to other comprehensive income	-	(3,697)	(3,697)
Exchange differences	(259)	-	(259)
<b>At June 30, 2018</b>	<b>(18,134)</b>	<b>(38,794)</b>	<b>(56,928)</b>



## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

## 12. INVENTORIES

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
(a) Raw material	9,128	7,413
Spare parts and consumables	15,275	13,866
Containers	17,006	11,800
Work-in-progress	18,450	20,100
	<b>59,859</b>	<b>53,179</b>

(b) The cost of inventories recognised as expense and included in cost of sales amounted to Rs 105.001 million (2017: Rs 98.548 million) for the Group.

(c) The bank borrowings are secured by floating charges on the assets of the Group including inventory (note 17).

## 13. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
(a) <b>Group (note 30)</b>				
Short term loans (interest free)	-	-	219,301	251,044
Short term loans (interest rate: 3.5% p.a)	-	-	27,500	43,000
Dividend receivables	-	-	11,835	20,805
Other receivables	10,664	23,550	8,314	7,866
	<b>10,664</b>	<b>23,550</b>	<b>266,950</b>	<b>322,715</b>
<b>Non-group</b>				
Trade receivables	957,510	942,481	-	-
Provision for impairment	(70,602)	(85,734)	-	-
Trade receivables - net	886,908	856,747	-	-
Other receivables	152,123	137,042	145	274
Prepayment	38,744	49,237	157	4
	<b>1,077,775</b>	<b>1,043,026</b>	<b>302</b>	<b>278</b>
	<b>1,088,439</b>	<b>1,066,576</b>	<b>267,252</b>	<b>322,993</b>

(b) The carrying amount of trade and other receivables approximate their fair value.

(c) As at June 30, 2018, trade receivables for the Group of Rs 70.602 million (2017: Rs 85.734 million) were impaired. The amount of the provision was Rs 70.602 million (2017: Rs 85.734 million). The individually impaired receivables mainly relates to clients, which are in expectedly difficult economic situations.

The ageing analysis of these trade receivables are as follows:

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
6 to 12 months	10,664	32,105
Over 12 months	59,938	53,629
	<b>70,602</b>	<b>85,734</b>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

## 13. TRADE AND OTHER RECEIVABLES (CONT'D)

- (d) As of June 30, 2018, trade receivables of Rs 24.810 million (2017: Rs 21.001 million) were past due but not impaired for the Group. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
3 to 6 months	18,383	14,869
Over 6 months	6,427	6,132
	<b>24,810</b>	<b>21,001</b>

- (e) Movements on the provision for impairment of trade receivables are as follows:

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
At July 1,	85,734	97,200
Provision for receivable impairment (note 21)	12,536	(1,989)
Receivables written off during the year as uncollectible	(11,435)	-
Unused amounts reversed	(16,233)	(9,477)
<b>At June 30,</b>	<b>70,602</b>	<b>85,734</b>

The other classes with trade and other receivables do not contain impaired assets.

- (f) The carrying amounts of the Groups and the Company's trade and other receivables are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
MUR	377,027	317,590	267,252	322,993
EURO	325,580	398,295	-	-
US Dollar	11,368	12,024	-	-
GBP	503	219	-	-
Kenya Shilling	257,049	216,403	-	-
Others	116,912	122,045	-	-
	<b>1,088,439</b>	<b>1,066,576</b>	<b>267,252</b>	<b>322,993</b>

- (g) The maximum exposure to the credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

## 14. TAXATION

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
(a) <u>Statement of financial position</u>				
At July 1,	(1,830)	(8,300)	(28)	(123)
Current tax on the adjusted results for the year at 15% (2017: 15%)	(34,352)	(37,599)	(144)	(120)
(Under)/over provision in previous period	(781)	(812)	-	19
Acquisition through business combinations	-	(429)	-	-
Corporate social responsibility	(2,552)	-	-	-
Exchange differences	876	(127)	-	-
Transfer to non-current assets held for sale	469	-	-	-
Tax paid	57,148	45,437	26	196
<b>At June 30,</b>	<b>18,978</b>	<b>(1,830)</b>	<b>(146)</b>	<b>(28)</b>

**Disclosed as:**

Current tax assets	26,700	12,526	-	-
Current tax liabilities	(7,722)	(14,356)	(146)	(28)
	<b>18,978</b>	<b>(1,830)</b>	<b>(146)</b>	<b>(28)</b>

(b) Statement of profit or loss

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Current tax on the adjusted results for the year at 15% (2017: 15%)	34,352	37,599	144	120
Corporate social responsibility	2,552	-	-	-
Under/(over) provision in previous period	781	812	-	(19)
	<b>37,685</b>	<b>38,411</b>	<b>144</b>	<b>101</b>
Deferred tax charge/(credit) (note 11(b))	1,248	(2,378)	-	-
Tax charge	<b>38,933</b>	<b>36,033</b>	<b>144</b>	<b>101</b>
<i>Analysed as follows:</i>				
Continuing operations	38,437	35,920	144	101
Discontinuing operations (note 28(b))	496	113	-	-
	<b>38,933</b>	<b>36,033</b>	<b>144</b>	<b>101</b>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

## 14. TAXATION (CONT'D)

- (c) The tax on the Group's and the Company's profit before tax differs from the theoretical amount that would arise using the basis tax rate of the Company as follows:

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Profit before taxation	150,632	155,337	64,487	35,295
Tax calculated at 15% (2017: 15%)	22,595	23,301	9,673	5,294
Income not subject to tax	(34,378)	(26,010)	(9,667)	(5,311)
Expenses not deductible for tax purposes	44,102	40,288	138	137
Utilisation of previously unrecognised tax losses	-	(2,367)	-	-
Tax losses for which no deferred income tax was recognised	2,033	2,387	-	-
Under/(over) provision in previous period	781	812	-	(19)
Corporate social responsibility	2,552	-	-	-
Deferred taxation	1,248	(2,378)	-	-
<b>Tax charge</b>	<b>38,933</b>	<b>36,033</b>	<b>144</b>	<b>101</b>

## 15. SHARE CAPITAL

THE GROUP AND THE COMPANY	2018	2017	2018	2017
	Number of shares	Number of shares	Amount Rs'000	Amount Rs'000
<i>Authorised, issued and fully paid - No Par Value Shares</i>				
At July 1, and June 30,	<b>93,515,565</b>	93,515,565	<b>1,019,294</b>	1,019,294

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

## 16. OTHER RESERVES

(a) <u>2018</u>	THE GROUP				Total Rs'000
	Available-for-sale fair value reserve Rs'000	Revaluation surplus Rs'000	Translation reserves Rs'000	Actuarial gains Rs'000	
At July 1, 2017	(8,085)	226,805	(29,382)	18,447	207,785
Other comprehensive income for the year	-	(3,697)	(11,073)	(8,095)	(22,865)
<b>At June 30, 2018</b>	<b>(8,085)</b>	<b>223,108</b>	<b>(40,455)</b>	<b>10,352</b>	<b>184,920</b>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

## 16. OTHER RESERVES (CONT'D)

THE GROUP (b) 2017	Available- for-sale fair value reserve	Revaluation surplus	Translation reserves	Actuarial gains	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At July 1, 2016	-	200,623	(26,228)	12,473	186,868
Other comprehensive income for the year	(8,085)	26,182	(3,154)	5,974	20,917
<b>At June 30, 2017</b>	<b>(8,085)</b>	<b>226,805</b>	<b>(29,382)</b>	<b>18,447</b>	<b>207,785</b>

**Available-for-sale fair value reserve**

Available-for-sale fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets that has been recognised in other comprehensive income until the investments are derecognised or impaired.

**Revaluation surplus**

The revaluation surplus arises on the revaluation of land and building.

**Translation reserves**

The translation reserve comprise all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in a foreign operations.

**Actuarial gains**

The actuarial gains reserve represents the cumulative remeasurement of defined benefit obligation recognised.

## 17. BORROWINGS

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
<b>Non-current</b>				
Bank loans	225,342	225,710	-	-
Loan from related parties (note 30)	88,110	97,289	-	-
Other loans	3,270	5,224	-	-
Finance lease liabilities	34,565	49,739	-	-
	<b>351,287</b>	<b>377,962</b>	<b>-</b>	<b>-</b>
<b>Current</b>				
Bank overdraft	136,687	73,303	-	-
Bank loans	91,760	86,629	-	-
Other loans	5,592	5,291	-	-
Loan from related parties (note 30)	9,375	9,375	61,193	52,493
Finance lease liabilities (see note (d) below)	19,726	24,587	-	-
	<b>263,140</b>	<b>199,185</b>	<b>61,193</b>	<b>52,493</b>
<b>Total borrowings</b>	<b>614,427</b>	<b>577,147</b>	<b>61,193</b>	<b>52,493</b>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

## 17. BORROWINGS (CONT'D)

(a) The borrowings include secured liabilities (leases and bank loans amounting to Rs 516.942 million (2017: Rs 470.483 million) for the Group (the Company: Nil). The bank borrowings are secured by floating charges on the assets of the Group including property, plant and equipment, investment property, investments and inventories (note 5, 6 and 12). The rates of interest on these borrowings vary between 3.50% and 17.25%. Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default. There are no restrictions imposed on the Group by lease arrangements other than in respect of the specific assets being leased. The leases have varying terms, purchase options and escalation clauses.

(b) The exposure of the Group and the Company's borrowings to interest-rate changes and the contractual repricing dates are as follows:

(i) THE GROUP	6 months	6-12	1-5	Total
	or less	months	years	
	Rs'000	Rs'000	Rs'000	Rs'000
<b>At June 30, 2018</b>				
<b>Total borrowings</b>	<b>614,427</b>	<b>-</b>	<b>-</b>	<b>614,427</b>
<b>At June 30, 2017</b>				
<b>Total borrowings</b>	<b>577,147</b>	<b>-</b>	<b>-</b>	<b>577,147</b>
(ii) THE COMPANY	6 months	6-12	1-5	Total
	or less	months	years	
	Rs'000	Rs'000	Rs'000	Rs'000
<b>At June 30, 2018</b>				
<b>Total borrowings</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At June 30, 2017</b>				
<b>Total borrowings</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(c) The maturity of non-current borrowings is as follows:

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
After one year and before five years	263,179	279,652	-	-
After five years	88,108	98,310	-	-
	<b>351,287</b>	<b>377,962</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

## 17. BORROWINGS (CONT'D)

## (d) Finance lease liabilities - minimum lease payments

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Not later than 1 year	22,719	28,977	-	-
Later than one year and not later than five years	29,663	49,282	-	-
Later than five years	8,008	5,509	-	-
	60,390	83,768	-	-
Future finance charges on finance leases	(6,099)	(9,442)	-	-
Present value of finance lease liabilities	54,291	74,326	-	-

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
The present value of finance lease liabilities may be analysed as follows:				
Not later than 1 year	19,726	24,587	-	-
Later than one year and not later than five years	26,889	48,717	-	-
Later than five years	7,676	1,022	-	-
	54,291	74,326	-	-

## (e) The carrying amounts of the Group's and the Company's borrowings are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
MUR	327,828	288,408	61,193	52,493
EURO	182,327	188,726	-	-
Others	104,272	100,013	-	-
	614,427	577,147	61,193	52,493

## (f) The carrying amounts of borrowings are not materially different from the fair value.

## 18. RETIREMENT BENEFIT OBLIGATIONS

Amount recognised in the statements of financial position as non-current liabilities:

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
Defined pension benefits (note 18(a)(ii))	33,828	22,556
Other post retirement benefits (note 18(b)(i))	38,449	35,843
	72,277	58,399

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

## 18. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Amount charged to profit or loss:	THE GROUP	
	2018	2017
	Rs'000	Rs'000
Defined pension benefits (note 18(a)(vii))	2,428	2,218
Other post retirement benefits (note 18(b)(iii))	5,386	7,940
	<b>7,814</b>	<b>10,158</b>

  

Amount charged/(credited) to other comprehensive income:	THE GROUP	
	2018	2017
	Rs'000	Rs'000
Defined pension benefits (note 18(a)(vii))	11,638	5,785
Other post retirement benefits (note 18(b)(iv))	(1,339)	(11,046)
	<b>10,299</b>	<b>(5,261)</b>

(a) **Defined pension benefits**

- (i) The Group contributes a defined contribution plan, the Rogers Money Purchase Retirement Fund (RMPRF), to which have been transferred the pension benefits of all employees who were members of a self-administered defined benefit superannuation fund (DBSF). These employees, subject to them contributing regularly to the RMPRF, have been given the guarantee by their respective employers that their benefits at the age of sixty, under the RMPRF would not be less than the benefits provided under the ex DBSF. The potential liability under the above guarantee is funded by additional employers' contributions and has been included in the provision made for retirement benefit obligations.

In addition to the above, three companies have defined benefit plans which are funded and where the plan assets are held by The Anglo Mauritius Assurance Society Ltd.

The most recent actuarial valuations of the plan assets and the present value of the defined benefit obligations were carried out at June 30, 2018 by AON Hewitt Ltd (Actuarial Valuer). The present value of the defined benefit obligations, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

- (ii) The amounts recognised in the statements of financial position are as follows:

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
Present value of defined benefit obligations	64,780	50,879
Fair value of plan assets	(30,952)	(28,323)
<b>Liability in the statements of financial position</b>	<b>33,828</b>	<b>22,556</b>



## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

## 18. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

## (a) Defined pension benefits (cont'd)

(iii) The reconciliation of the opening balances to the closing balances for the net defined benefit liability is as follows:

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
At July 1,	22,556	17,730
Charged to profit or loss	2,428	2,218
Charged to other comprehensive income	11,638	5,785
Employer contributions	(2,794)	(3,177)
<b>At June 30,</b>	<b>33,828</b>	<b>22,556</b>

(iv) The movement in the defined benefit obligations over the year is as follows:

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
At July 1,	50,879	46,429
Interest expense	3,097	3,258
Current service cost	1,179	1,049
Past service cost	-	73
Benefits paid	(2,404)	(4,513)
Liability experience loss/(gain)	9,418	(59)
Liability loss due to change in financial assumptions	2,611	3,741
Liability loss due to change in demographic assumptions	-	901
<b>At June 30,</b>	<b>64,780</b>	<b>50,879</b>

(v) The movement in the fair value of plan assets of the year is as follows:

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
At July 1,	28,323	28,699
Interest income	1,848	2,162
Employer contributions	726	1,130
Benefits paid	(336)	(2,466)
Return on plan assets excluding interest income	391	(1,202)
<b>At June 30,</b>	<b>30,952</b>	<b>28,323</b>

(vi) The amounts recognised in profit or loss are as follows:

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
Current service cost	1,179	1,049
Past service cost	-	73
Net interest on net defined benefit liability	1,249	1,096
<b>Total included in "employee benefit expense" (note 22)</b>	<b>2,428</b>	<b>2,218</b>
Actual return on plan assets	2,239	960

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

## 18. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

## (a) Defined pension benefits (cont'd)

(vii) The amounts recognised in other comprehensive income are as follows:

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
Return on plan assets (above)/below interest income	(391)	1,202
Liability experience loss/(gain)	9,418	(59)
Liability loss due to change in financial assumptions	2,611	3,741
Liability loss due to change in demographic assumption	-	901
<b>Total included in other comprehensive income</b>	<b>11,638</b>	<b>5,785</b>

(viii) The allocation of plan assets at the end of the reporting period for each category, is as follows:

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
Equity - overseas quoted	1,997	1,840
Equity - local quoted	2,638	2,348
Debt - overseas quoted	-	64
Debt - local unquoted	1,782	1,523
Property - local	143	127
Other qualifying insurance policies	23,823	21,977
Cash and other	569	444
<b>Total</b>	<b>30,952</b>	<b>28,323</b>

(ix) The principal actuarial assumptions used for the purposes of the actuarial valuations were:

	THE GROUP	
	2018	2017
	%	%
Discount rate	5.6%	6.5%
Future salary increases (staff/workers)	3.5%-4.5%	4.5%-5.5%
Future pension increases	0.5%-2.0%	0.5%-2.0%

(x) Sensitivity analysis on defined benefit obligations at the end of the reporting date:

	THE GROUP			
	2018		2017	
	Increase	Decrease	Increase	Decrease
	Rs'000	Rs'000	Rs'000	Rs'000
Discount rate (1% movement)	13,719	5,726	12,166	4,940

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

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**18. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)****(a) Defined pension benefits (cont'd)**

An increase/decrease of 1% in other principal actuarial assumptions would not have a material impact on defined benefit obligations at the end of the reporting period.

The sensitivity above has been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The present value of the defined benefit obligation has been calculated using the projected unit credit method.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

- (xi) The defined benefit pension plan exposes the Group to actuarial risks such as investment risk, interest risk, longevity risk and salary risks.

*Investment risk*

The plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan assets is below this rate, it will create a plan deficit and if it is higher, it will create a plan surplus.

*Interest risk*

A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the plan's debt investments and a decrease in inflationary pressures on salary and pension increases.

*Longevity risk*

The plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liability.

*Salary risk*

The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

- (xii) The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.
- (xiii) Expected contributions to post-employment benefit plans for the year ending June 30, 2019 are Rs 15.382 million for the Group.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

## 18. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

## (a) Defined pension benefits (cont'd)

(xiv) The weighted average duration of the defined benefit obligation ranges between 2 - 21 years at the end of the reporting period.

## (b) Other post retirement benefits

Other post retirement benefits comprise mainly of gratuity on retirement payable under the Employment Rights Act 2008 and other benefits.

(i) The reconciliation of the opening balances to the closing balances is as follows:

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
At July 1,	35,843	41,467
Charged to profit or loss	5,386	7,940
Credited to other comprehensive income	(1,339)	(11,046)
Employer contributions	(1,441)	(2,518)
<b>At June 30,</b>	<b>38,449</b>	<b>35,843</b>

(ii) The movement in the defined benefit obligations over the year is as follows:

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
At July 1,	35,843	41,467
Interest expense	2,228	3,092
Current service cost	2,759	3,669
Past service cost	399	1,179
Benefits paid	(1,441)	(2,518)
Liability experience gain	(3,499)	(299)
Liability loss/(gain) due to change in financial assumptions	2,160	(10,841)
Liability loss due to change in demographic assumptions	-	94
<b>At June 30,</b>	<b>38,449</b>	<b>35,843</b>

(iii) The amounts recognised in profit or loss are as follows:

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
Current service cost	2,759	3,669
Past service cost	399	1,179
Net interest expense	2,228	3,092
<b>Total included in "employee benefit expense" (note 22)</b>	<b>5,386</b>	<b>7,940</b>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

## 18. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

## (b) Other post retirement benefits (cont'd)

(iv) The amounts recognised in other comprehensive income are as follows:

	THE GROUP	
	2018	2017
	Rs'000	Rs'000
Liability experience gain	(3,499)	(299)
Liability loss/(gain) due to change in financial assumptions	2,160	(10,841)
Liability loss due to change in demographic assumptions	-	94
<b>Total included in other comprehensive income</b>	<b>(1,339)</b>	<b>(11,046)</b>

(v) The principal actuarial assumptions used for the purposes of the actuarial valuations were:

	THE GROUP	
	2018	2017
	%	%
Discount rate	5.6%	6.5%-7.5%
Future salary increases (staff/workers)	3.5%-4.5%	4.5%-5.5%
Future pension increases	0.5%	0.5%-1.0%
Average retirement age (ARA)	65 years	65 years
Average life expectancy for:		
-Male at ARA	15.9 years	19.5 years
-Female at ARA	20 years	24.2 years

(vi) Sensitivity analysis on defined benefit obligations at the end of the reporting date:

	THE GROUP			
	2018		2017	
	Increase	Decrease	Increase	Decrease
	Rs'000	Rs'000	Rs'000	Rs'000
Discount rate (1% movement)	11,561	7,808	10,684	7,051

An increase/decrease of 1% in other principal actuarial assumptions would not have a material impact on the retirement gratuity at the end of the reporting period.

The sensitivity above has been determined based on a method that extrapolates the impact on the retirement gratuity as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The present value of the retirement gratuity has been calculated using the projected unit credit method.

The sensitivity analysis may not be representative of the actual change in the retirement gratuity as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

(vii) Expected contributions to post-employment benefit plans for the year ending June 30, 2019 are Rs 2,379 million for the Group.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

## 18. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(viii) The weighted average duration of the retirement gratuity ranges between 4 - 26 years at the end of the reporting period.

## 19. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Trade payables	258,546	248,975	-	-
Accruals	277,702	288,306	-	-
Other payables	82,917	167,994	843	344
Amounts due to related parties (note 30)	3,379	2,121	-	-
	<b>622,544</b>	<b>707,396</b>	<b>843</b>	<b>344</b>

The carrying amounts of trade and other payables approximate their fair value.

## 20. TOTAL REVENUE

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Sales of services	3,267,970	3,229,519	-	-
Commission and other income	56,209	50,999	-	-
Dividend income	-	-	64,449	34,927
Interest income	2,362	3,076	1,532	717
	<b>3,326,541</b>	<b>3,283,594</b>	<b>65,981</b>	<b>35,644</b>
<i>Analysed as follows:</i>				
Continuing operations	3,304,808	3,254,880	65,981	35,644
Discontinuing operations (note 28(b))	21,733	28,714	-	-
	<b>3,326,541</b>	<b>3,283,594</b>	<b>65,981</b>	<b>35,644</b>

## 21. EXPENSES BY NATURE

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Cost of services	2,211,092	2,170,748	-	-
Raw materials and consumables used	23,755	31,088	-	-
Total cost of sales	2,234,847	2,201,836	-	-
Rental expense	31,032	39,869	-	-
Telecommunication expenses	13,656	13,244	-	-
Commissions payable	238	609	-	-
Professional fees	20,646	19,475	375	133
Insurance	11,657	11,283	-	-
Overseas travelling - Business	9,909	9,848	-	-
IT expenses	12,783	10,680	-	-
Office Supplies	8,898	8,363	-	-
Provision for bad debts (note 13(e))	12,536	(1,989)	-	-
Advertising and promotion	4,020	3,638	-	-
Miscellaneous expenses	135,524	129,397	569	198
Total cost of sales and other expenses	<b>2,495,746</b>	<b>2,446,253</b>	<b>944</b>	<b>331</b>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

21. EXPENSES BY NATURE (CONT'D)	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
<i>Analysed as follows:</i>				
Continuing operations	2,469,496	2,415,706	944	331
Discontinuing operations (note 28(b))	26,250	30,547	-	-
	<b>2,495,746</b>	<b>2,446,253</b>	<b>944</b>	<b>331</b>
22. EMPLOYEE BENEFIT EXPENSE	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Wages and salaries, including termination benefits	544,241	514,608	-	-
Pension costs - defined contribution plans	28,530	28,903	-	-
Pension costs - defined benefit plans (note 18(a)(vi))	2,428	2,218	-	-
Pension costs - other post retirement benefits (note 18(b)(iii))	5,386	7,940	-	-
	<b>580,585</b>	<b>553,669</b>	<b>-</b>	<b>-</b>
<i>Analysed as follows:</i>				
Continuing operations	577,904	551,414	-	-
Discontinuing operations (note 28(b))	2,681	2,255	-	-
	<b>580,585</b>	<b>553,669</b>	<b>-</b>	<b>-</b>
23. FINANCE COSTS	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
<i>Interest expense:</i>				
-Bank overdraft	(7,576)	(8,937)	-	-
-Loans from holding company	(3,210)	(4,025)	-	-
-Loan from subsidiary company	-	-	(1,068)	(548)
-Bank and other loans repayable by instalments	(15,183)	(14,033)	(102)	(9)
-Bank and other loans not repayable by instalments	(6,629)	(6,058)	-	-
-Finance leases	(4,505)	(6,476)	-	-
	<b>(37,103)</b>	<b>(39,529)</b>	<b>(1,170)</b>	<b>(557)</b>
Net foreign exchange transactions gains	34,781	10,771	620	539
	<b>(2,322)</b>	<b>(28,758)</b>	<b>(550)</b>	<b>(18)</b>
<i>Analysed as follows:</i>				
Continuing operations	(2,091)	(27,660)	(550)	(18)
Discontinuing operations (note 28(b))	(231)	(1,098)	-	-
	<b>(2,322)</b>	<b>(28,758)</b>	<b>(550)</b>	<b>(18)</b>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

24. PROFIT BEFORE TAXATION	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Profit before taxation is arrived at after:				
<b>Crediting:</b>				
Profit on disposal of property, plant and equipment	8,556	12,366	-	-
<b>and charging:</b>				
Impairment of receivables	12,536	(1,989)	-	-
Lease rentals	31,032	39,869	-	-
Depreciation on property, plant and equipment:				
-owned assets	89,227	94,025	-	-
-leased assets under finance leases	11,941	7,713	-	-
Amortisation of intangible assets	4,210	3,842	-	-
Employee benefit expense (note 22)	580,585	553,669	-	-

## 25. DIVIDENDS

Amounts recognised as distributions to equity holders in the year:

	THE GROUP AND THE COMPANY	
	2018	2017
	Rs'000	Rs'000
Interim dividend for the year ended June 30, 2018 of Re 0.35 per share (2017: Re 0.19)	33,000	18,119
Final dividend for the year ended June 30, 2018 of Re 0.17 (2017: Re 0.20) per share	15,500	18,500
	<b>48,500</b>	<b>36,619</b>



## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

## 26. NOTES TO THE STATEMENTS OF CASH FLOWS

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
<b>(a) Cash generated from/(absorbed in) operations</b>				
Profit before taxation from continuing operations	150,632	155,337	64,487	35,295
Profit before taxation from discontinued operations	(8,122)	(6,003)	-	-
	<u>142,510</u>	<u>149,334</u>	<u>64,487</u>	<u>35,295</u>
Adjustments for:				
Depreciation on property, plant and equipment	101,168	101,738	-	-
Profit on disposal of property, plant and equipment	(8,556)	(12,366)	-	-
Loss on disposal of intangible assets	-	110	-	-
Amortisation of intangible assets	4,210	3,842	-	-
Impairment losses	-	(1,989)	-	-
Increase in provision for retirement benefit obligations	3,579	4,463	-	-
Dividend income	-	-	(64,449)	(34,927)
Interest income	(2,362)	(3,076)	(1,532)	(717)
Interest expense	37,103	39,529	1,170	557
	<u>277,652</u>	<u>281,585</u>	<u>(324)</u>	<u>208</u>
Changes in working capital:				
- inventories	(6,680)	(9,159)	-	-
- trade and other receivables	(24,298)	79,260	(472)	(1,278)
- trade and other payables	(80,776)	29,720	499	32
Cash generated from/(absorbed in) operations	<u>165,898</u>	<u>381,406</u>	<u>(297)</u>	<u>(1,038)</u>
<b>(b) Non-cash transactions</b>				
	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Total acquisition of property, plant and equipment	61,651	150,624	-	-
Less: acquisition using finance leases	(6,272)	(12,848)	-	-
Amount paid	<u>55,379</u>	<u>137,776</u>	<u>-</u>	<u>-</u>
<b>(c) Cash and cash equivalents</b>				
	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Cash in hand and at bank	<u>207,926</u>	<u>243,915</u>	<u>1,013</u>	<u>961</u>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

## 26. NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

## (c) Cash and cash equivalents (cont'd)

Cash and cash equivalents and bank overdraft include the following for the purpose of the statements of cash flows.

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Cash and cash equivalents	207,926	243,915	1,013	961
Cash and cash equivalents from non-current assets classified as held-for-sale	3,028	-	-	-
Bank overdrafts	(136,687)	(73,303)	-	-
	<u>74,267</u>	<u>170,612</u>	<u>1,013</u>	<u>961</u>

## (d) Reconciliation of liabilities arising from financing activities:

THE GROUP	2017	Cash flows	Non-cash changes	
			Acquisitions	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Long-term borrowings	382,801	40,648	-	423,449
Short-term borrowings	46,717	(46,717)	-	-
Lease liabilities	74,326	(26,307)	6,272	54,291
<b>Total liabilities from financing activities</b>	<u>503,844</u>	<u>(32,376)</u>	<u>6,272</u>	<u>477,740</u>
<b>THE COMPANY</b>				
Short-term borrowings	52,493	8,700	-	61,193
<b>Total liabilities from financing activities</b>	<u>52,493</u>	<u>8,700</u>	<u>-</u>	<u>61,193</u>

## 27. BUSINESS COMBINATIONS

## (a) Acquisition of additional interest in a subsidiary - 2018

On July 1, 2017, Associated Container Services Ltd, a subsidiary, acquired an additional 20% interest in Velogic Haulage Services Ltd, increasing its ownership from 80% to 100%. The carrying amount of Velogic Haulage Services Ltd's net assets in the consolidated financial statements on the date of acquisition was Rs 74,749 million. The Group recognised a decrease in non-controlling interest of Rs 14,950 million. The purchase consideration paid was of Rs 23,417 million.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

## 27. BUSINESS COMBINATIONS (CONT'D)

(a) *Acquisition of additional interest in a subsidiary - 2018 (cont'd)*

The following summarises the effect of changes in the Group's ownership interest in Velogic Haulage Services Ltd:

	<u>THE GROUP</u> <u>2018</u> <u>Rs'000</u>
Parent's ownership interest at beginning of period	59,799
Effect of increase in parent's ownership interest	<u>14,950</u>
<b>Parent's ownership interest at end of period</b>	<b><u>74,749</u></b>

(b) *Acquisition of subsidiaries - 2017*

- (i) On May 1, 2017, a subsidiary, Rogers Logistics International Limited, acquired 100% of the share capital of Velogic Express Reunion for Rs 30.141 million and obtained the control of Velogic Express Reunion, whose principal activity consists of providing courier services. As a result of the acquisition, the Group is expected to increase its presence in the market. It also expects to reduce costs through economies of scale.

The goodwill of Rs 4.721 million arising from the acquisition is attributable to the acquisition of a diversified customer base and economies of scale expected from combining the courier operations of the Group and Velogic Express Reunion.

None of the goodwill recognised is expected to be deductible from income tax purposes.

	<u>THE</u> <u>GROUP</u> <u>Rs'000</u>
(ii) <b>Consideration</b>	
At May 1, 2017	
Cash	<u>30,141</u>
<b>Recognised amounts of identifiable assets acquired and liabilities assumed</b>	
Property, plant and equipment	1,234
Intangible assets	824
Trade and other receivables	33,552
Trade and other payables	(32,934)
Current tax liabilities	(429)
Cash and cash equivalents	<u>23,173</u>
Total identifiable net assets	<u>25,420</u>
<b>Goodwill (note 7)</b>	<b><u>4,721</u></b>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

## 27. BUSINESS COMBINATIONS (CONT'D)

(iii) Net cash outflow on acquisition of subsidiaries	THE GROUP
	Rs'000
Consideration paid in cash	30,141
Less: cash and cash equivalents balances acquired	(23,173)
	<u>6,968</u>
(iv) The revenue included in the consolidated financial statements from May 1, 2017 to June 30, 2017 contributed by Velogic Express Reunion was Rs 16.366 million. The acquisition also contributed profits of Rs 1.855 million over the same period.	

## 28. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

## (a) Discontinued operations:

(i) Rogers IDS Mozambique Limitada

On February 21, 2018, the board approved the sale of Rogers IDS Mozambique Limitada, one of the subsidiaries of the Group. The Sale Purchase Agreement and transfer of the shares were not yet executed at the end of the reporting period.

(ii) Rogers IDS SAS (France)

During the year ended June 30, 2018, Rogers IDS SAS (France) ceased its warehousing activities.



## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

## 28. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONT'D)

	2018			2017		
	Rogers IDS Mozambique Limitada		Rogers IDS SAS France	Rogers IDS Mozambique Limitada		Rogers IDS SAS France
	Rs'000		Rs'000	Rs'000		Rs'000
						Total
Operating cash flows	2,191	(7,763)		2,452	(6,752)	(4,300)
Investing cash flows	(73)	-		(837)	-	(837)
Financing cash flows	(300)	-		(209)	-	(209)
<b>Total cash flows</b>	<b>1,818</b>	<b>(7,763)</b>		<b>1,406</b>	<b>(6,752)</b>	<b>(5,346)</b>

(d) Non-current assets classified as held for sale

Rogers IDS Mozambique Limitada:

(i) *Disposal group held for sale:*

Property, plant and equipment (note 5(a))

Trade and other receivables

Cash and cash equivalents

	2018
	Rs'000
	575
	2,435
	3,028
	<b>6,038</b>

(ii) Liabilities associated with non-current assets classified as held for sale:

Trade and other payables

Current tax liabilities

	2018
	Rs'000
	4,076
	469
	<b>4,545</b>

## 29. CONTINGENT LIABILITIES

At June 30, 2018, the Company had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities would arise. The Company has given guarantees in the ordinary course of business, amounting to Rs 136,434 million (2017: Rs 134,784 million) to third parties.

## 30. RELATED PARTY TRANSACTIONS

(a) THE GROUP(i) 2018Trading transactions

## Holding company

## Fellow subsidiaries

Sale of goods or services Rs'000	Management fees Rs'000	Finance costs Rs'000	Amount owed		Short term loan payable Rs'000
			by related parties Rs'000	to related parties Rs'000	
-	29,867	3,210	-	-	46,875
19,412	-	-	10,664	3,379	50,610
19,412	29,867	3,210	10,664	3,379	97,485

(ii) 2017Trading transactions

## Holding company

## Fellow subsidiaries

Sale of goods or services Rs'000	Management fees Rs'000	Finance costs Rs'000	Amount owed		Short term loan payable Rs'000
			by related parties Rs'000	to related parties Rs'000	
-	27,250	4,025	-	-	56,250
14,016	-	-	23,550	2,121	50,414
14,016	27,250	4,025	23,550	2,121	106,664

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED JUNE 30, 2018

30. RELATED PARTY TRANSACTIONS (CONT'D)

(b) THE COMPANY

(i) 2018

Trading transactions  
Subsidiary companies

Interest income	Dividend income	Finance costs	Amount owed by related parties	Short term loan payable
1,532	64,449	1,068	266,950	61,193
1,532	64,449	1,068	266,950	61,193

(ii) 2017

Trading transactions  
Subsidiary companies

717	34,927	548	322,715	52,493
717	34,927	548	322,715	52,493

(c) Key management personnel compensation

Salaries and short term employee benefits  
Post-employment benefits

THE GROUP	
2018	2017
Rs'000	Rs'000
90,573	86,473
15,344	14,399
105,917	100,872

(d) For the year ended June 30, 2018, the Company has not recorded any impairment of receivable relating to amounts owed by related parties (2017: Nil).